

Sri Trang Agro-Industry Public Company Limited

Part 2

Management and Corporate Governance

7. CAPITAL STRUCTURE

7.1 Shares in STA

As of 3 March 2014, STA has a registered capital of Baht 1,280,000,000 (One thousand two hundred and eighty million) and paid-up capital of Baht 1,280,000,000 (One thousand two hundred and eighty million), divided into 1,280,000,000 (One thousand two hundred and eighty million) shares with a par value of Baht 1 each. The aforementioned shares are listed securities on both the SET and SGX-ST.

Non-Voting Depository Receipt (NVDR)

As of 3 March 2014, the Thai NVDR Co., Ltd. held 53,418,110 shares in STA or 4.17% of the total issued shares of STA. The investors who hold NVDRs will receive the same financial benefits (i.e. dividends, rights issue, and warrants) as those who invest directly in the shares in STA. The NVDR holders, however, do not have the right to vote in the meeting of shareholders. The Thai NVDR Co., Ltd. will not exercise the right to vote in the shareholders' meeting, except in the case of considering the delisting of securities from the SET.

7.2 Shareholders

Distribution of Shareholdings

As of 3 March 2014

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,441	9.24	531,897	0.04
1,000 – 10,000	9,488	60.81	42,232,255	3.30
10,001 – 1,000,000	4,581	29.36	278,850,337	21.79
1,000,001 - 10,000,000	80	0.51	285,101,196	22.27
10,000,001 – less than 5% of paid-up share capital	10	0.06	245,917,385	19.21
More than 5% of paid-up share capital	2	0.01	427,366,930	33.39
Total	15,602	100.00	1,280,000,000	100.00

Note: Includes shareholders holding through CDP

Public Float

Based on information available to the Company, approximately 57.26% of the Company's shares are held in the hands of the public as of 3 March 2014. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

Substantial Shareholders (Holding 5% and above) (As of 3 March 2014)

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
STH ⁽¹⁾	257,291,660	20.10	-	-
Dr. Viyavood Sincharoenkul ⁽²⁾	170,075,270	13.29	266,783,960	20.84

Notes;

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,934,140 shares, representing 56.07% of the total issued and paid up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 26.79% of the total issued and paid up shares in STH. Certain directors of STH are also directors of our Company
- (2) Dr. Viyavood Sincharoenkul is deemed interested in the 8,850,000 shares held by his wife and the 257,291,660 shares held by STH, and the 834,000 shares held by Tai Yang Investment Pte. Ltd.

Top twenty largest shareholders of STA according to the book closure date as of 3 March 2014, are as follows:

	Name	No. of Shares	%
1.	STH	257,291,660	20.10
2.	Dr. Viyavood Sincharoenkul	170,075,270	13.29
3.	Mr. Aram Sirisuwat	55,368,305	4.33
4.	Thai NVDR Co., Ltd	53,418,110	4.17
5.	CITIBANK NOMS S'PORE PTE LTD	36,050,250	2.82
6.	Mr. Veerasith Sinchareonkul	22,441,000	1.75
7.	Mr. Somwang Sincharoenkul	18,913,305	1.48
8.	Mr. Kitichai Sincharoenkul	14,250,000	1.11
9.	CITIGROUP GLOBAL MARKETS LIMITED-IPB CUSTOMER COLLATERAL ACCOUNT	11,052,750	0.86
10.	Mr. Puthirat Pathratrathip	10,470,295	0.82
11.	DBS BANK A/C SG0900110824	10,385,100	0.81
12.	UOB Kay Hian Private Limited	10,000,000	0.78
13.	RAFFLES NOMINEES (PTE) LTD	9,869,700	0.77
14.	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	9,198,000	0.72
15.	Mr. Paul Sumade Lee	8,906,955	0.70
16.	Ms. Suwanna Kowitsophon	8,900,000	0.70
17.	Mrs. Promsuk Sinchareonkul	8,850,000	0.69
18.	Mrs. Sungai Cherdkiatgamchai	8,157,875	0.64
19.	Mr. Surasak Srisangatrakullert	7,938,700	0.62
20.	CIMB SECURITIES (SINGAPORE) PTE.LTD.	7,500,000	0.59
	Total	739,037,275	57.74

Note: Information obtained from TSD and CDP

The top 10 major shareholders of STH are as follows;

Name	As at 3 March 2014	
	No. of Shares (Par value of Baht 10 each)	Direct Shareholding (%)
1. Mr. Viyavood Sincharoenkul	2,357,700	26.79
2. Ms. Susan Su	1,206,000	13.70
3. Ms. Somsri Sirisuwat	672,000	7.64
4. Mr. Somwang Sincharoenkul	570,860	6.49
5. Mr. Chaiyos Sincharoenkul	542,860	6.17
6. Paktai Rubber ⁽¹⁾	528,000	6.00
7. Nguan Chiang Food Industry Co., Ltd.	448,000	5.09
8. BRADSHAW EQUITIES HOLDINGS LTD.	440,000	5.00

Name	As at 3 March 2014	
	No. of Shares (Par value of Baht 10 each)	Direct Shareholding (%)
9. Mr. Paul Sumade Lee	397,000	4.51
10. Mr. Kitichai Sincharoenkul	348,880	3.96
11. Others	1,288,700	14.64
Total	8,800,000	100

Note: (1) Mr. Viyavood Sincharoenkul, Mrs. Duangjai Sincharoenkul and Mr. Chaiyos Sincharoenkul are limited partners.

The shareholding of Sincharoenkul family who are the top 10 major shareholders of STA holding shares in STH as at the book closure date as at 3 March 2014 combined with holdings of related persons as defined in Section 258 of the SEC Act are as follows:

Name	Shareholding in STA (%)
1. Mr. Viyavood Sincharoenkul	34.14
2. Mr. Veerasith Sinchareonkul	1.75
3. Mr. Somwang Sincharoenkul	1.48
4. Mr. Kitichai Sincharoenkul	1.11

7.3 Issuing other securities

Debt Securities

Debentures

On 1 December 2011, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 2,150,000,000. On 1 November 2011, Tris Rating Co., Ltd. assigned A- / Stable rating for the newly issued debentures. Net proceeds from the issuance of debentures in an aggregate amount of approximately Baht 2,145,000,000 million will be used for long-term loan refinancing and/or business expansion. Details of each tranche of debenture are as follows;

	Tranche 1	Tranche 2
Debenture Name	Debenture of Sri Trang-Agro Industry Public Company Limited no. 1/2554 due in 2014.	Debenture of Sri Trang-Agro Industry Public Company Limited no. 1/2554 due in 2016.
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 1,600,000,000	Baht 550,000,000
Interest rate	Fixed interest rate at 4.4% per annum Semi-annually	Fixed interest rate at 4.7% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 Years	5 Years
Maturity Date	1 December 2014	1 December 2016

On 13 February 2013, STA successfully issued the debentures in two tranches to the institutional and high net-worth investors with total amount of Baht 900,000,000 which, on 12 February 2013, Tris Rating Co., Ltd. assigned A- / Stable rating for the issued debentures. STA intends to use the net proceeds for working capital and/or business expansion of the group. Details of each tranche of debenture are as follows;

	Tranche 1	Tranche 2
Type of Debentures	Unsubordinated and unsecured debentures with a debenture holders' representative	Unsubordinated and unsecured debentures with a debenture holders' representative
Principal amount of Debentures	Baht 300,000,000	Baht 600,000,000
Interest rate	Fixed interest rate at 4.1% per annum	Fixed interest rate at 4.5% per annum
Interest Payable	Semi-annually	Semi-annually
Term	3 years	5 years
Maturity Date	13 February 2016	13 February 2018

7.4 Dividend Policy

7.4.1 Dividend Policy of STA

Our policy is to pay a dividend of approximately 30.0% of our net profit for each financial year as contained in our Company's stand-alone financial statements, but not in excess of our retained earnings. In considering the level of dividend payments, we intend to take into account various factors, including STA's financial position, results of operations and cash flow; the ability of our subsidiaries, associates and joint venture entity to make dividend payment to STA; STA's expected working capital requirements to support STA's future growth; and general economic conditions and such other external factors that STA believes to have an impact on the business operations of STA.

7.4.2 Dividend Policy of Our Subsidiaries

The dividend payment of our subsidiaries shall be approved by the Board of Directors of each subsidiary and shall be presented to the shareholders' meeting for approval. The Company does not fix the percentage of dividend payment. The dividend payment made by our subsidiaries will depend on the business profits, financial position and the future investment plans of each subsidiary and shall be according to its Articles of Association and the relevant laws.

Information of dividend payment for the years 2009 – 2013

Operating Year	Number of share*	Par value* (Baht)	Earnings per share (Baht)	Dividend per share (Baht)	Total dividend payment (Baht)	Payout ratio (%)
2012	1,280,000,000	1	1.42	0.65	832,000,000	45.93
2011	1,280,000,000	1	1.08	0.50	640,000,000	46.41
2010	1,280,000,000	1	1.04	0.50	640,000,000	48.99
2009	1,280,000,000	1	3.85	1.25	1,600,000,000	41.53
2008	200,000,000	5	10.71	3.00	600,000,000	28.01

Note: * On 28 June 2009, shareholders agreed in changing the par value from Baht 5 per share to Baht 1 per share and increase the company capital, amount Baht 280,000,000, from Baht 1,000,000,000 to Baht 1,280,000,000.

Interest of Directors and Executives

The Company Board of Directors has specified the reporting policy in regard of the interest of directors and executives in order to monitor the interest of directors and executives or their related persons in relation to the business operation of the Company or subsidiaries. The reporting policy is as follows;

- First time report when at an appointment as a director or executive.
- Report at any time when there is any change in interest.
- Report at the end of each year.

The directors and executives shall report their interests to a company secretary. The company secretary, thereafter, shall report such interests to the chairman and the chairman of audit committee within 7 days from the date that the company secretary receives a report from the directors or executives.

As of 31 December 2013, the directors and executives of STA had the following interests in the ordinary STA shares as follows;

Name	Position	Number of Shares on 1 January 2013	Number of Shares on 31 December 2013	Increase (decrease) during Year of 2013	Percentage of Shares on 31 December 2013
Mr. Viyavood Sincharoenkul	Chairman and Managing Director	168,523,970	170,075,270	1,551,300	13.29
Spouse and minor child		8,450,000	8,850,000	400,000	0.69
Sri Trang Holdings Co. Ltd.		246,852,060	254,500,860	7,648,800	19.88
Tai Yang Investments Pte. Ltd.		-	834,000	834,000	0.07
Mr. Prasit Panidkul	Vice Chairman and Executives Director	6,915,575	7,815,575	900,000	0.61
Spouse and minor child		-	-	-	-
Mr. Chaiyos Sincharoenkul	Director and Executive Director	7,410,825	7,410,825	-	0.58
Spouse and minor child		4,300,000	4,300,000	-	0.34
Mr. Kitichai Sincharoenkul	Director and Executive Director	14,402,000	14,402,000	152,000	1.13
Spouse and minor child		3,246,500	3,246,500	-	0.25
Mr. Paul Sumade Lee	Director and Executive Director	8,906,955	8,906,955	-	0.70
Spouse and minor child		27,095,075	27,095,075	-	2.12
Mr. Veerasith Sinchareonkul	Director	22,441,000	22,441,000	-	1.75
Mr. Prakob Visitkitjakarn	Independent Director/ Chairman of Audit Committee/ Chairman of Remuneration Committee	450,060	450,060	-	0.04
Spouse and minor child		17,940	17,940	-	-

Name	Position	Number of Shares on 1 January 2013	Number of Shares on 31 December 2013	Increase (decrease) during Year of 2013	Percentage of Shares on 31 December 2013
Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee Member/ Chairman of the Nomination Committee / Remuneration Committee Member	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Samacha Potavorn	Independent Director/ Audit Committee Member/ Nomination Committee Member/ Remuneration Committee Member	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Neo Ah Chap	Independent Director	1,100,000	1,100,000	-	0.09
Spouse and minor child		-	-	-	-
Ms. Prapai Srisutipong	Procurement Manager	260,500	260,500	-	0.02
Spouse and minor child		-	-	-	-
Mr. Chalernpop Khanjan	Production Manager	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Arsom Aksornnam	Production Manager	-	-	-	-
Spouse and minor child		3,500	3,500	-	-
Mr. Chaidej Pruksanusak	Quality Assurance Manager	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Patrawut Panitkul	Chief Financial Officer	-	-	-	-
Spouse and minor child		-	-	-	-
Ms. Jennifer Lim	Controller	150,000	150,000	-	0.01
Mr. Rattapong Laparojkit	Engineering Manager	55,500	55,500	-	-
Spouse and minor child		-	-	-	-
Mr. Phanlert Wangsupradilog	Engineering Manager	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Udom Pruksanusak	Human Resources Manager	10,000	10,000	-	-
Spouse and minor child		-	-	-	-
Ms. Nuchanart Chaiyarat	Human Resources Manager	-	-	-	-

As of 13 May 2013, Mr. Anan Pruksanusak has resigned as a director and executive director of the Company. His interest as 1 January 2013 is 100,000 shares.

Note:

- (1) The largest group of shareholders in STH is the Sincharoenkul family which holds 4,934,140 shares, representing 56.07% of the total issued and paid-up shares in STH. Dr. Viyavood Sincharoenkul is interested in approximately 26.79 % of the total issued and paid-up shares in STH. Certain directors of STH are also directors of our Company.
- (2) Dr. Viyavood Sincharoenkul is deemed interested in the 8,850,000 shares held by his wife and the 257,291,660 Shares held by STH. , and the 834,000 shares held by Tai Yang Investment Pte. Ltd.
- (3) Mr. Chaiyos Sincharoenkul is deemed to be interested in the 4,300,000 shares held by his wife.
- (4) Mr. Kitichai Sincharoenkul is deemed to be interested in the 3,246,500 shares held by his wife.
- (5) Mr. Paul Sumade Lee is deemed to be interested in the 27,095,075shares held by his wife.
- (6) Mr. Prakob Visitkitjakarn is deemed to be interested in the 17,940 shares held by his wife.
- (7) Mr. Neo Ah Chap is deemed interested in 1,100,000 shares held through Thai NVDR Co., Ltd.

The acquisition of shares of the directors and executives shall be presented to the Company's Board of Directors for their acknowledgement every quarter.

8. MANAGEMENT STRUCTURE

8.1 The Board of Directors of STA

As of 31 December 2013, the Board of Directors of STA consists of 10 directors* as follows:

Name	Position	Remarks
1. Mr. Viyavood Sincharoenkul	Chairman /Managing Director/ Executive Committee	Executive Director
2. Mr. Prasit Panidkul	Vice-chairman/ Executive Committee	Executive Director
3. Mr. Chaiyos Sincharoenkul	Director/ Executive Committee	Executive Director
4. Mr. Kitichai Sincharoenkul	Director/ Executive Committee/ Nominating Committee member	Executive Director
5. Mr. Paul Sumade Lee	Director/ Executive Committee	Executive Director
6. Mr. Veerasith Sinchareonkul	Director/ Chairman of the Risk Management Committee	Non-Executive Director
7. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
8. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
9. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
10. Mr. Neo Ah Chap	Independent Director	Non-Executive Director

Mrs. Pacharin Anuwongwattanachai is a secretary to the Board of Directors of the Company.

Note: * The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

Authorized Directors of STA

Any two of six of the following directors of the Company, Mr. Viyavood Sincharoenkul, Mr. Chaiyos Sincharoenkul, Mr. Prasit Panidkul, Mr. Kitichai Sincharoenkul, Mr. Veerasith Sinchareonkul and Mr. Lee Paul Sumade, shall jointly sign with STA's seal affixed.

Engagement of Mr. Somwang Sincharoenkul as Honorary Adviser

The Board of Directors Meeting No. 4/2010 held on 6 May 2010 resolved to approve the engagement of Mr. Somwang Sincharoenkul as the Honorary Adviser of STA. As the Honorary Advisor period of Mr. Somwang Sincharoenkul was ending on 6 May 2014, the Board of Directors Meeting No. 3/2014 held on 10 March 2014 approved the extension period of his services for two years which will end on 6 May 2016. Such advisory services are as follows:

1. Advise on the formulation of the Company's goals and vision.
2. Advise on the Company's investment and business plans and the business operation policy of the Company, both domestically and internationally.
3. Advise on strategies in relation to the use of raw materials, procurement, price and quantity in each period pursuant to the local conditions.

4. Advise on dealings with communities, local authorities and government agencies in the southern part of Thailand.

Mr. Somwang Sincharoenkul does not have any participation in the Company's operation. His remuneration during 2 years starting from 6 May 2014 to 6 May 2016 is Baht 428,000 per month or Baht 5,1360,000 per year. This transaction is considered as a connected transaction which continues to be carried out in the future.

Selection of Independent Director

Qualifications of Independent Director

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, including shares held by related persons of such independent director.
2. Not having any relationship with (a) STA; (b) STA's holding company, subsidiary or fellow subsidiary; (c) any person who has an interest or interests in one or more voting shares in STA and the total votes attached to that share, or those shares, is not less than ten percent of the total votes attached to all the voting shares in STA ("**10% Shareholder**"); and/or (d) STA's officers, that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interests of STA.
3. Neither being nor having an immediate family member who is or was, in the current or immediate past financial year, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which STA or any of its subsidiaries made, or from which STA or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.
4. Not being nor having been directly associated with a ten percent shareholder of STA in the current or immediate past financial year.
5. Neither being nor having been an executive director, employee, staff, advisor who receives salary, or a controlling person of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person of STA, unless the foregoing status ended not less than three financial years prior to the appointment as an independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of STA.
6. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, of a director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of STA or its subsidiary company.
7. Not have an immediate family member including spouse, child, adopted child, stepchild, brother, sister and parent, who is, or has been in any of the past three financial years, employed by the Company or any of its related companies and whose remuneration is determined by the remuneration committee.
8. Not being a director or having an immediate family member including spouse, child, adopted child, stepchild, brother, sister, and parent, accepting any compensation from STA or any of its related corporations for the provision of services, other than compensation for board service, for the current or immediate past financial year.
9. Neither having nor having had a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the

- manner which may interfere with his independent judgement, and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with STA, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the appointment as an independent director .
10. Neither being nor having been an auditor of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, unless the foregoing relationship ended not less than two years prior to the appointment as an independent director .
 11. Neither being nor having been a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship ended not less than two years prior to the appointment as an independent director .
 12. Not being a director appointed as representative of directors of STA, major shareholder or shareholder who is related to a major shareholder, or a director who is or has been directly associated with a 10% Shareholder, in the current or immediate past financial year. A director will be considered "directly associated" with a 10% Shareholder when the director is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% Shareholder in relation to the corporate affairs of STA.
 13. Not undertaking any business in the same nature and in competition to the business of STA or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holds shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of STA or its subsidiary company.
 14. Not having any other characteristics which would cause the inability to express independent opinions with regard to STA's business operations.

The qualifications of the Independent Director of STA are more stringent than the definitions as specified in the notification of the Capital Market Supervisory Board.

The Nominating Committee is also guided by the Code of Corporate Governance 2012 in determining independence.

The Board of Directors is of the opinion that both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok, who have served as Independent Directors for STA beyond nine years, should continue to serve as Independent Directors of STA as they have the qualifications required by the Capital Market Supervisory Board and Code of Corporate Governance 2012 and do not have any characteristics which would cause them to be unable to express their independent opinions with regard to STA's business operations. During their respective terms of appointment, both Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok have performed their duty as Audit Committee and Remuneration Directors for the benefit and the good governance of the Company.

Selection of Audit Committee

Qualifications of Audit Committee

1. Holding shares not exceeding one percent of the total number of shares with voting rights of STA, its parent company, subsidiary company, associate company, major shareholder or controlling person of STA, including shares held by related persons of such audit committee.
2. Not being a person taking part in the management of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder of STA.

Neither being nor having been an executive director, employee, staff, advisor who receives salary, or a controlling person of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person of STA; for example, the Chief Executive Officers may not be the audit committee because they are directly responsible for the management.
3. Not have direct and indirect benefits or interests in finance and management of STA, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder of STA.

Not have aforementioned benefits or interests of the past one financial year prior to the appointment as a member of the audit committee, unless the audit committee has carefully considered the foregoing benefits or interests does not affect the performance of duties and the giving of independent opinions.
4. Not being a related person or close relative of any management member or majority shareholder of the company.
5. Not being a person whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.
6. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors with free and clear of the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

Details of Attendance for the Meetings of the Board of Directors and Board Committees

Details of the meeting attendance for the meetings of the Board of Directors, Executive Committee, Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee in 2012 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2012	%	2012	%	2012	%
1. Mr. Viyavood Sincharoenkul	4/4	100	6/6	100	-	-
2. Mr. Prasit Panidkul	4/4	100	6/6	100	-	-
3. Mr. Chaiyos Sincharoenkul	4/4	100	6/6	100	-	-
4. Mr. Anan Pruksanusak*	1/1	100	6/6	100	-	-
5. Mr. Kitichai Sincharoenkul	4/4	100	6/6	100	-	-
6. Mr. Paul Sumade Lee	3/4	75	6/6	100	-	-
7. Mr. Veerasith Sinchareonkul	4/4	100	-	-	-	-
8. Mr. Prakob Visitkitjakarn	4/4	100	-	-	8/8	100
9. Mr. Kriang Yanyongdilok	4/4	100	-	-	8/8	100
10. Mr. Samacha Potavorn	4/4	100	-	-	8/8	100
11. Mr. Neo Ah Chap	4/4	100	-	-	-	-

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Nominating Committee		Remuneration Committee		Risk Management Committee	
	2012	%	2012	%	2012	%
1. Mr. Viyavood Sincharoenkul	-	-	-	-	-	-
2. Mr. Prasit Panidkul	-	-	-	-	-	-
3. Mr. Chaiyos Sincharoenkul	-	-	-	-	-	-
4. Mr. Anan Pruksanusak*	-	-	-	-	-	-
5. Mr. Kitichai Sincharoenkul	1/1	100	-	-	-	-
6. Mr. Paul Sumade Lee	-	-	-	-	-	-
7. Mr. Veerasith Sinchareonkul	-	-	-	-	1/1	100
8. Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
9. Mr. Kriang Yanyongdilok	1/1	100	2/2	100	-	-
10. Mr. Samacha Potavorn	1/1	100	2/2	100	-	-
11. Mr. Neo Ah Chap	-	-	-	-	-	-

Note:

- 1) * The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.
- 2) The Board of Director's profile is in the attachment 1.

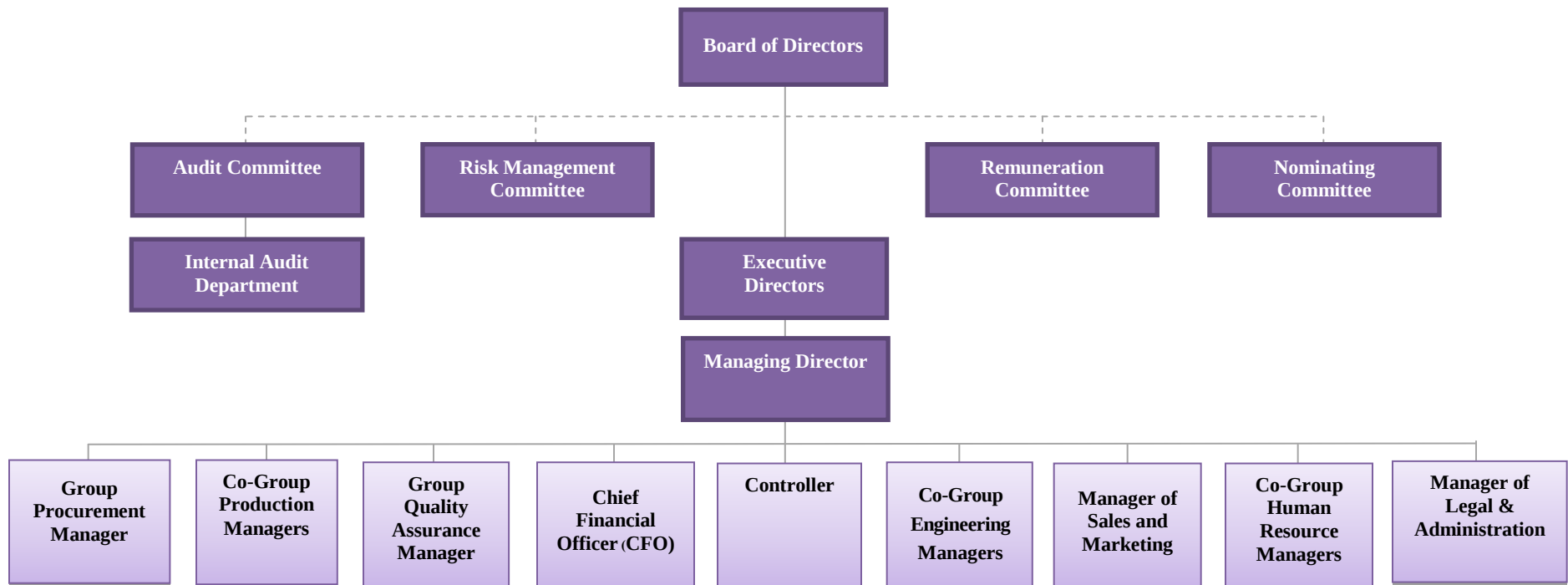
8.2 Executives (pursuant to the definition of “Executive*” in the SEC’s notification no. GorJor. 17/2008 re: Determination of Definitions under Notifications relating to Issuance and Offering of Securities)

As of 31 December 2012, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Prasit Panidkul	Vice Chairman
3. Mr. Chaiyos Sincharoenkul	Director
4. Mr. Kitichai Sincharoenkul	Director and Manager of Legal and Administration
5. Mr. Paul Sumade Lee	Director and Manager of Sales and Marketing
6. Mr. Veerasith Sinchareonkul	Director
7. Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee
8. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
9. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
10. Mr. Neo Ah Chap	Independent Director
11. Mrs. Prapai Srisuttiiphong	Group Procurement Manager
12. Mr. Chalernpop Khanjan	Co-Group Production Manager
13. Mr. Arsom Aksornnam	Co-Group Production Manager
14. Mr. Chaidet Pruksanusak	Group Quality Assurance Manager
15. Mr. Rattapong Laparojkit	Co-Group Engineering Manager
16. Mr. Phanlert Wangsuphadilok	Co-Group Engineering Manager
17. Mr. Udom Pruksanusak	Co-Group Human Resource Manager
18. Ms. Nuchanart Chaiyarat	Co-Group Human Resource Manager
19. Ms. Lim Li Ping	Controller
20. Mr. Patrawut Panitkul	Chief Financial Officer

Note:

- 1) * “Executive” means a director, manager or the next four executives succeeding the manager, a person holding an equivalent position to the fourth executive, including a person holding the position of manager or equivalent in the accounting or finance departments.
- 2) The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.
- 3) The Executives’ profile is in the attachment 1.

Corporate Structure as of 31 December 2013

8.3 Company Secretary

The Board of Directors of STA resolved to approve the appointment of Mrs. Pacharin Anuwongwattanachai as the Company Secretary (the “Company Secretary”) having the duties and responsibilities as provided in the Securities and Exchange Act, including providing advice on and ensuring compliance with relevant laws and regulations which the Board is required to know and follow. The Company Secretary attends and documents all Board meetings and ensures Board procedures are followed. The appointment and removal of the Company Secretary is subject to the approval of the Board in the Securities and Exchange Act.

Note: The Company Secretary’s profile is in the attachment 1.

8.4 Remuneration of Directors and Executive Officers

(1) Financial Remuneration

(A) Directors’ Fees

For the fiscal year ended 31 December 2013, STA paid the directors’ fees to the Directors in the amount of Baht 5,722,200 for services rendered by them in forms of monetary remuneration. The details are as follows:

Name	Amount of Directors’ Fees (Baht)*
	Fiscal year ended 31 December 2013
1. Mr. Viyavood Sincharoenkul	633,600
2. Mr. Prasit Panidkul	475,200
3. Mr. Chaiyos Sincharoenkul	475,200
4. Mr. Anan Pruksanusak**	178,200
5. Mr. Kitichai Sincharoenkul	475,200
6. Mr. Paul Sumade Lee	475,200
7. Mr. Veerasith Sinchareonkul	475,200
8. Mr. Prakob Visitkitjakarn	792,000
9. Mr. Kriang Yanyongdilok	633,600
10. Mr. Samacha Potavorn	633,600
11. Mr. Neo Ah Chap	475,200

Note:

* The monetary remuneration for directors was for their services rendered as members of the Board of Directors. The Company does not provide monetary remuneration for any membership of sub-committees

** The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

(B) Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2013, STA paid remuneration to the Executive Directors and Executive Officers, totaling 20 persons, in the amount of Baht 282,655,723.50 of which Baht 28,310,978 was paid to the top five key management personnel who are not directors or the CEO. Such remuneration was in the form of salary, bonus and other compensation.

Fees and compensation paid by our Company to each of our Directors and each of the top five Executive Officers of STA (for services rendered by them in all capacities to STA and our subsidiaries), in remuneration bands* for year ended 31 December 2013, are as follows:

Name	Amount of Remuneration Paid by STA	Director's Fees (%)	Salary (%)	Performance based bonuses (%)	Total (%)
1. Mr. Viyavood Sincharoenkul	Band T	31.12	68.32	0.56	100
2. Mr. Prasit Panidkul	Band B	4.29	53.39	42.32	100
3. Mr. Chaiyos Sincharoenkul	Band C	3.17	31.85	64.98	100
4. Mr. Anan Pruksanusak	Band B	2.12	9.57	88.31	100
5. Mr. Kitichai Sincharoenkul	Band C	2.89	42.41	54.70	100
6. Mr. Paul Sumade Lee	Band J	14.70	84.50	0.80	100
7. Mr. Veerasith Sinchareonkul	Band A	31.16	49.17	19.67	100
8. Mr. Prakob Visitkitjakarn	Band A	100	-	-	100
9. Mr. Kriang Yanyongdilok	Band A	100	-	-	100
10. Mr. Samacha Potavorn	Band A	100	-	-	100
11. Mr. Neo Ah Chap	Band A	100	-	-	100
Top five Executive Officers					
1. Mrs. Prapai Srisuttiiphong	Band B	-	22.43	77.57	100
2. Mr. Patrawut Panitkul	Band A	-	20.76	79.24	100
3. Mr. Rattapon Laparojkit	Band A	-	42.18	57.82	100
4. Ms. Lim Li Ping	Band A	-	100	-	100
5. Mr. Chalernpop Khanjan	Band A	-	60.91	39.09	100

Note: * Remuneration bands:

- Band A means between SGD 1 and SGD 250,000.
- Band B means between SGD 250,001 and SGD 500,000.
- Band C means between SGD 500,001 and SGD 750,000.
- Band D means between SGD 750,001 and SGD 1,000,000.

Band E	means between SGD 1,000,001 and SGD 1,250,000.
Band F	means between SGD 1,250,001 and SGD 1,500,000.
Band G	means between SGD 1,500,001 and SGD 1,750,000.
Band H	means between SGD 1,750,001 and SGD 2,000,000.
Band I	means between SGD 2,000,000 and SGD 2,250,000.
Band J	means between SGD 2,250,001 and SGD 2,500,000.
Band K	means between SGD 2,500,001 and SGD 2,750,000.
Band L	means between SGD 2,750,001 and SGD 3,000,000.
Band M	means between SGD 3,000,001 and SGD 3,250,000.
Band N	means between SGD 3,250,001 and SGD 3,500,000.
Band O	means between SGD 3,500,001 and SGD 3,750,000.
Band P	means between SGD 3,750,001 and SGD 4,000,000.
Band Q	means between SGD 4,000,001 and SGD 4,250,000.
Band R	means between SGD 4,250,001 and SGD 4,500,000.
Band S	means between SGD 4,500,001 and SGD 4,750,000.
Band T	means between SGD 4,750,001 and SGD 5,000,000.

Remuneration bands are based on the average (Baht: SGD) foreign exchange rates for the stipulated year, being SGD 1 to Baht 24.5528.

Compensation includes benefit-in-kinds and compensation that has already been paid includes any deferred compensation accrued for the financial year in question and payable at a later date. The estimated amount of compensation payable in the current financial year includes bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

Sri Trang International Pte. Ltd. have entered into employment agreements with each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee. Each of these employment agreements does not have a fixed term of employment.

Pursuant to their respective employment agreements, each of Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee will be entitled to the following:

- a monthly salary and a variable bonus, as determined by the Profit Incentive Scheme (as defined below); and
- coverage of all reasonable business expenses incurred or paid for during the term of employment, in connection with the discharge of their duties to Group.

Profit Incentive Scheme

Each of our Directors, Dr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee are entitled to participate in a profit incentive scheme (the "Profit Incentive Scheme") in respect of each financial year of our subsidiary, Sri Trang International.

Under the Profit Incentive Scheme, in respect of each financial year, if the board of directors of Sri Trang International determines that there is a surplus ("Surplus") after deducting (i) 10% of Sri Trang International's issued and paid-up capital, or such other amount as may be determined by the board of directors of Sri Trang International, at their sole discretion, from time to time, (ii) 5% of any retained profits as at the beginning of the relevant financial year and (iii) accumulated losses as at the beginning of the relevant financial year, from Sri Trang International's profit after tax (as reflected in its audited accounts), 20% of such Surplus will be payable under the Profit Incentive Scheme ("Profit Incentive").

(2) Other Remuneration

In 2013, the Company has paid the contribution of provident fund for the Board of Directors and Executive Officers as follows:

	Total list	Amount (Baht)
Contribution of provident fund	20	2,362,239

Employees' retirement benefits

The Company provides employees' retirement benefits to employees in accordance with Thai labor laws. Such benefit amount depends on the salary base and number of years working for the company until the termination date.

8.5 Employees**Number of Employees and Significant Changes to the Number of Employees**

As of 31 December 2011, 31 December 2012 and 31 December 2013, the Company had 6,214 employees, 6,205 employees and 7,285 employees, respectively, which can be divided into the following activities:

Activity	As of 31 December		
	2011	2012	2013
Procurement	685	639	647
Production	3,975	4,044	4,916
Quality assurance	541	514	506
Finance and accounting	164	177	175
Engineering	424	406	652
Sales and marketing	56	66	82
Human resource	356	335	291
Company secretarial, legal and administrative	13	24	16
Total	6,214	6,205	7,285

The breakdown of our employees by geographical location as of 31 December 2011, 31 December 2012 and 31 December 2013 is as follows:

Geographical location	As of 31 December		
	2011	2012	2013
Thailand	5,225	5,237	5,687
Indonesia	940	916	1,543
Singapore	24	22	20
USA	13	13	12
PRC	12	17	23
Total	6,214	6,205	7,285

The increase in number of our employees in 2013 compared to 2012 was in line with the increase in number of processing plants to support business expansion of our Group.

Our employees are not unionised in Thailand. Certain of our employees in Indonesia have established labour unions that have been registered with the Indonesia Manpower Authority and have entered into collective labour agreements with our subsidiaries.

Major labour disputes during the last three years

The cooperative agreement among Thailand, Indonesia, and Malaysia in August 2012 for the export quota of 300,000 tons within 6 months (October 2012 – March 2013) has adversely affected the utilisation rate of PT Sri Trang Lingga, our subsidiary in Indonesia. This led to the decrease in working hour and income of daily staffs. Although PT Sri Trang Lingga has a minimum wage guarantee policy, there was a strike of some staffs who concerned about their long-term income in October 2012. Representative from various parties also participated the negotiation between PT Sri Trang Lingga and the representative of staffs. The proposal to terminate and pay compensation required by the laws to those staffs was acceptable to all parties. Afterwards, PT Sri Trang Lingga has set up employee relations to resolve the grievance, coordinate with employee union, and support the staffs in order to avoid the recurrence of such problem.

Apart from the above incident, the Company has not experienced any material labour disputes or related work stoppages in the three most recent completed financial years. We believe that our relationship with our employees is good.

Personnel Remuneration

Total remuneration of STA employees: The employees of STA receive the remunerations in forms of salary, overtime payment, bonus, and other welfares such as life and health insurance. For the fiscal year end as of 31 December 2013, the Company had expenses for salary and bonus and others employee benefit in an amount of Baht 659 million.

Employee Development Policy

The rubber processing industry is a labour and capital-intensive industry. Accordingly, we place emphasis on staff training to improve and upgrade our employees' technical knowledge and skills in their respective fields. We believe that focusing on the training of our employees not only helps us to increase the efficiency of our operations and optimise our production capabilities but also build cohesion within our Group's workforce.

Our staff training programmes are formulated by our human resource department and are designed according to our employees' job requirements and responsibilities. Our staff training programmes are divided into four main categories — administration, manufacturing, service and engineering. This ensures that our employees receive the appropriate training for them to carry out their assigned roles within our Group.

We also send our employees for training and exchanges in local, Asian countries, and EU countries for skills development.

9. CORPORATE GOVERNANCE

9.1 Corporate Governance Policy

9.1.1 Principles of Good Corporate Governance for Listed Companies of 2012

The Board of Directors of STA has conducted the business operation appropriately and effectively in accordance with its objectives by utilizing expertise, diligence, and due care to protect the interests of the Company and to comply with the laws, objectives, and the Articles of Association of STA. The Board of Directors of STA has also followed the Principles of Good Corporate Governance for Directors of Listed Companies and the Principles of Good Corporate Governance for Listed Companies of 2012 as well as the Code of Corporate Governance 2012. The roles and responsibilities of the Board of Directors of STA are all managed with due care, in particular in the process of decision making. Careful consideration is given using reasonable judgment based on honesty, transparency, ethics, and the concern of stakeholders as well as all aspects of the best interests of shareholders.

Principles of Good Corporate Governance under the Principles of Good Corporate Governance for Listed Companies of 2012

STA has established and reviewed principles for good corporate governance in accordance with the Principle of Good Corporate Governance for Listed Companies of 2012 as prescribed by the SET. The details of 5 principles of good corporate governance areas including the practices for non-infringement of intellectual property are appropriate for current business environment which are as follows:

1. Rights of Shareholders

STA always realizes that the main factors for building shareholders' trust and confidence for investing in the businesses of STA are the application of policies and operations that protect the fundamental rights of the shareholders as well as the equality of all shareholders as prescribed by the laws, and encouraging the shareholders to exercise their fundamental rights. For example:

(1) **Right to Receive Profit Sharing in the Form of Dividend:** STA has a policy on dividend payment which is based on careful consideration of the financial position, results of operation and cash flow of STA, the ability of our subsidiaries, associates and joint venture entity to make dividend payment, STA's expected working capital requirements to support the future growth of STA, the economic situation, and other external factors that STA expects will have an impact on its operations. In order to manage the business operation efficiently, the dividend payment policy is at approximately 30 percent of the net profit.

(2) **Right to Attend the Shareholders' meeting:** STA pays great attention to the sufficiency of information so that the shareholders are able to make a well-informed decision at the shareholders' meeting, including casting their votes and expressing their opinions on significant changes and the election of the Board of Directors of STA, based on information which is accurate, complete, transparent, and equally shared.

Where the STA's shares are held through CDP, CDP will be the only holder on record of such shares. Accordingly, as a matter of Thai law, CDP will be the only person or entity recognised as a shareholder and legally entitled to vote on any matter to be submitted to the vote of the Company's shareholders at a general meeting of shareholders.

CDP has appointed a Thai custodian to safe keep all the shares held by CDP. Such Thai custodian will act as CDP's proxy during a general meeting of shareholders and CDP will

instruct such Thai custodian to split its votes in accordance with the instructions that CDP receives from investors holding shares through CDP. However, shareholders who desire to attend shareholders' meetings and exercise their voting rights under their names with regard to the shares beneficially owned by them will be required to transfer their shares out of the CDP system and have the share transfer registered in the share register book. In addition, a shareholder who transfers the Company's shares out of the CDP system will not be able to trade such shares on the SGX-ST unless he first transfers such shares back into the CDP system.

In order to provide the equivalent of the annual general meeting to shareholders in Singapore holding shares through the CDP, STA will hold an annual investor forum in Singapore soon after the annual general meeting is held in Thailand, to enable as even a level of access to information as possible at the time of such forum. Shareholders in Singapore holding shares through the CDP will be given the opportunity to air their views and ask Directors any questions they may have. The representation of the Board at the forum will include at the minimum, the Managing Director, two other Executive Directors and two Independent Directors, one of whom will be the Lead Independent Director.

- (3) **Right to Vote on Agenda Items in the Shareholders' meeting:** The completed invitation to shareholders' meeting and attachments will be forwarded to shareholders in advance. The invitation to shareholders' meeting includes details on agenda items, attachments to agenda items, opinions of the Board of Directors of STA, proxy forms as prescribed by the Ministry of Commerce, a name list of all independent directors to whom the shareholders are able to give their proxy, and a map of the meeting venue. The invitation to the shareholders' meeting also includes the information regarding the required documents that shareholders have to present to the meeting in order to protect their right to attend the meeting, the Articles of Association of STA pertaining to the shareholders' meeting, and voting instructions. Furthermore, so that the investors can obtain information thoroughly, the shareholders can access all information with respect to the agenda of the shareholders' meeting at www.sritranggroup.com and the website of the SGX-ST at www.sgx.com ("**SGXNET**") in advance approximately 30 days prior to the meeting date. Moreover, STA has assigned Thailand Securities Depository Co., Ltd. (TSD) and CDP as its securities registrar to dispatch the meeting invitation and other related documents to shareholders at least 21 days prior to the meeting.
- (4) **Equal Right to Express Opinions and Make Inquiries in the Shareholders' meeting:** With respect to agenda items and proposed agenda items, the Chairman of the shareholders' meeting should allocate sufficient time and encourage the shareholders to express their opinions and make inquiries in the meeting. STA's Lead Independent Director, Mr. Prakob Visitkitjakarn, also the Chairman of the Audit Committee and Remuneration Committee, will be present at the annual general meeting to address questions that shareholders' may have. External auditors will also be present to address queries in relation to the audit of the Company and the auditors' report.

2. Fair Treatment of Shareholders

STA has the policies of fair and equitable treatment to all groups of shareholders including institutional investors, foreign investors, and retail shareholders.

- (1) The shareholders' meeting shall be held in accordance with the agenda mentioned in the invitation to shareholders' meeting. The policy is that no additional agenda item is included in the meeting without prior notice to the shareholders. STA sends a complete invitation to shareholders' meeting, including attachments, with all sufficient information relevant to the meeting to the shareholders. Moreover, STA posts all information which is relevant to the meeting at its website (www.sritranggroup.com) and on SGXNET so that the shareholders will have sufficient time to carefully study this information. In addition, the invitation to shareholders' meeting shall be advertised no less than three days prior to the shareholders' meeting in a daily newspaper for at least three consecutive days in order to allow shareholders to have sufficient time to prepare for attending the shareholders' meeting. Chairman of the Board, the respective Chairman of the Audit, Remuneration, Nominating Committees, and Risk Committees, and each director usually are present and are available to address shareholders' queries at these meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Before the commencement of each meeting, the Chairman will give instructions on the voting and the counting methods as clearly prescribed. During the meeting, the Chairman allows the shareholders, equally, to make inquiries and express their opinions as well as to make recommendations. The Chairman also answers questions and provides complete information as requested by the shareholders. After the meeting, STA will send the minutes of the shareholders' meeting to the SET and the SGX-ST within the prescribed period.
- (2) STA has encouraged the shareholders to use ballots for voting on each agenda item. The ballots shall be kept in the meeting room for vote counting prior to the announcement of the resolutions. For the purpose of transparency, STA makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages and keeps all ballots having signatures of the shareholders or their proxy for future reference.
- (3) Minutes of the shareholders' meeting must be accurately and completely recorded and submitted to the SET within 14 days after the shareholders' meeting. The resolutions of the shareholders' meeting will be posted on the website of STA at www.sritranggroup.com and on SGXNET.
- (4) The policy regarding the monitoring of the use of insider information has been established for strict compliance by personnel at all levels.
- (5) A full and clear disclosure of shareholding structure in the subsidiaries and associates is made to assure shareholders that the operational structure of STA is transparent and accountable.
- (6) STA places importance on the accurate, full, timely, and transparent disclosure of information on various issues to shareholders. As such, significant information is disclosed on a regular basis.

- (7) STA has established a channel of communication for minority shareholders to directly access information on various issues e.g. the activities of the Board of Directors, supervision and monitoring of the operation, and auditing through the email address of the independent directors. Furthermore, minority shareholders may directly seek information from the Company Secretary of STA (e-mail: corporatesecretary@sritranggroup.com) or the Investor Relations Office (e-mail: ir@sritranggroup.com or telephone number: +662-207-4500).

3. Role of Stakeholders

STA fully realizes that the growth and development of STA has resulted from the full support given by all interested parties. STA places importance on the rights of all stakeholders, both internal stakeholders such as personnel, staff members, and the executives of STA and the subsidiaries and external stakeholders such as commercial partners ranging from the suppliers of raw materials to various groups of customers of finished products, financial institutions, government agencies that provide close co-operation, and finally, the shareholders of STA. In this regard, STA realizes its responsibilities towards the above-mentioned stakeholders. Since 2013, the Board of Directors has reviewed the policies in relation to stakeholders and has established the policies concerning the non-infringement of intellectual property such as copyright, patent, and trademark as well as the whistleblower policy which has specified the channels of notice or complaint, operating procedure, and guidelines for the protection of claimer(s) in the Company's website.

The followings are details of policies in connection with stakeholders:

Shareholders:

STA is committed to be the representative of its shareholders in conducting its business operation in a transparent manner, and having a reliable accounting and finance system that brings the highest satisfaction to shareholders by continuous considering the long-term, sustainable growth of STA and an adequate return.

Employees:

STA treats its employees equally and fairly by providing a good and safe working environment and adequate remuneration. Moreover, STA supports its employees in terms of providing the opportunity to develop knowledge, skills and experiences for career improvement. STA has established a Health and Working Environment Committee. A training program is specially designed for relevant personnel responsible for overseeing, providing advice, and giving accurate information on safety, occupational health, and the working environment, and the prevention of accidents resulting from work as well as providing other interesting health information to the employees. Considering the employee's welfare with respect to the safe and maximum working efficiency, STA has introduced various activities that promote the quality of life of employees, such as establishing a library and creating entertainment programs as well as various activities which are designed to promote employees' good physical and mental health. Moreover, a handbook for employees has been published and is publicized through STA Intranet.

In January 2013, the Company has established the employee provident fund of which only permanent employees are entitled to apply for with an alternative to pay the contribution at the fixed rate or at the rate equal to the contribution paid by the Company. The contribution rate paid by the Company depends on years of services of each employee. The employee will receive such provident fund benefit on their termination of employment except for the case of termination without compensation.

Safety information of employees in 2013

Details of work accident statistics in 2013 are as follows:

	Accident Statistics (Times)	Percentage*
No lost time accidents	87	1.28
Less than 3 days of lost time accidents	90	1.32
More than 3 days of lost time accidents	79	1.16
Dismemberment for body parts	3	0.04
Disabled	0	0
Death	0	0

Note*: Computed based on the number of the Company's weighted average employee for the year 2013 at 6,812.

Customers:

STA is committed to creating customer satisfaction by producing quality products and delivering the products on a timely basis and maintaining a good sustainable relationship. A guideline for customer relations practice is included in the Code of Business Conduct under Conduct of Relations to the Customers.

Business Partners:

STA has the policy to screen business partners and purchases goods and services from such business partners pursuant to commercial conditions. The Company always complies with the agreements entered into with its business partners and strictly follows the laws and regulations and possesses good business ethics in regard to business competition.

Government Agencies and Related Organizations:

STA strictly complies with various laws and regulations e.g. laws pertaining to the environment, safety, labour, tax management and accounting, as well as the government notifications relating to the business operations of STA.

Society and Environment:

STA is aware of and concerned about the safety, environment, and the quality of life of the people, and the importance of natural resources conservation, the promotion of energy sufficiency, the alternative use of natural resources to minimize the impact on society, the environment and people's quality of life to the greatest possible extent. As such, STA supports activities in the neighborhood community of the factories by providing the most efficient management of safety and environment.

In addition, STA has supervised and monitored its management system to ensure full compliance with laws and regulations of regulatory agencies and the fair and strict equitable treatment of all stakeholders.

4. Information Disclosure and Transparency

- (1) The Board of Directors of STA is responsible for the accurate, complete, timely, and transparent disclosure of both significant financial and non-financial information of STA through easy-to-access channels, which reflects fairness and reliability so that the stakeholders are all equally able to receive information in compliance with the requirements of various regulators.
- (2) STA has set up a public relations department in order to communicate with investors and related third parties. The Investor Relations Office is the center for communication between shareholders, stakeholders, investors, and analysts.
- (3) The Board of Directors of STA supports the preparation of information in an accurate, reliable, timely, and regular manner in both Thai and English through communication channels at SET and the Company's website.
- (4) The Board of Directors of STA has a duty to report its corporate governance policy through the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2) and the Company's website.
- (5) The Board of Directors of STA has a duty to disclose meeting attendance of Directors and the Audit Committee members.
- (6) The Board of Directors of STA is responsible for the preparation of the balance sheet, profit and loss statement, auditor's report, annual report, and other relevant reports for shareholders' approval.
- (7) The Board of Directors of STA has a duty to report risk factors, types of risk, and the cause and impact of risk upon the business operation of STA through the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

The Board of Directors of STA ensures that the disclosure of significant information is conducted in an accurate, precise, reliable, and timely manner in accordance with the regulations of the SEC and SET, and that such information is disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) so that the shareholders are equally informed. Furthermore, the Investor Relations Office has been established to act as a contact person for communication with investors, shareholders, securities analysts, and other related agencies.

The STA website is updated regularly. Information which should be disclosed is posted on the STA website. The Investor Relations Office at Bangkok Branch can be contacted at: Tel: +66-2207-4500, Fax +66-2108-2244, or at www.sritranggroup.com

5. Responsibility of the Board of Directors

- (1) The Structure of the Board of Directors

The Board of Directors of STA, consisting of directors who have knowledge, competence and experience in business, has the duty to determine policies, visions, strategies, goals, missions, business plans and budgets of STA, as well as to monitor the management team to effectively and efficiently manage the business of STA in accordance with the policies under the legal framework, objectives, the Articles of Association of STA and the resolutions of the shareholders meeting and the Board of Directors Meeting. Such duties must be performed with responsibility, due care and loyalty under the principles of good corporate governance in order to increase the best economic value for the business and the highest stability for the shareholders.

The Board of Directors of STA consists of 10 directors, including four independent directors who are fully qualified under the notifications of the Capital Market Supervisory Board and the SET.

Moreover, in compliance with the principles of good corporate governance and in order to ensure the Directors' effectiveness of work, the Board of Directors has established the policy that the Directors should not hold directorship positions for more than five listed companies. In the case that any director holds the office of director in more than five listed companies, the Board of Directors will further review the efficiency of such director's performance.

According to the Articles of Association of STA, at every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office. The Directors who are to retire from office in the first and the second years after registration of the company shall be drawn by lots. In the subsequent years, the Directors who have been holding office for the longest time shall retire.

The Board of Directors has passed a resolution to appoint Mrs. Pacharin Anuwongwatanachai as a Company Secretary to provide advice on compliance with relevant laws and regulations which the Board of Directors is required to know. The Company Secretary shall also supervise the activities of the Board of Directors and ensure that the resolutions of the Board of Directors meeting have been complied with.

(2) Sub-committees

The Board of Directors has a duty to carefully and effectively consider and give approval on significant operational matters; therefore, sub-committees are formed to assist the Board of Directors in various aspects. An Audit Committee is appointed consisting of at least three independent directors and at least one of them must have knowledge of accounting and finance and must have a qualification on independence as prescribed by the notifications of the Capital Market Supervisory Board and by the definition of an independent director. The Audit Committee was established for the purpose of monitoring the internal control system, financial report system, corporate governance, risk management, as well as the selection and the appointment of the auditor. Moreover, STA has formed other sub-committees such as the Remuneration Committee, the Nominating Committee, and the Risk Management Committee in order to manage the businesses of STA. The majority of members of the sub-committees are independent committee members in order to ensure a transparent and independent business operation.

(3) Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors of STA oversees the business operation and the mission of STA to be in accordance with the approval given by shareholders, applicable laws, objectives, the Articles of Association of STA, and resolutions of the Board of Directors meeting and the shareholders meeting. The Board of Directors of STA must exercise good business judgment in making business decisions and perform its duty with responsibility, due care, and loyalty in the best interests of the Company.

Conflict of Interests

The Board of Directors of STA has established a policy for preventing conflicts of interests on the basis that any decision-making on business transactions must be made only for the best interest of STA, and that any act which may cause a conflict of interest should be avoided. It is required that a person involved in or having a conflict of interest in any agenda item to be discussed in a meeting shall report the relationship or conflict of interest in such agenda item

to STA, as well as abstain from voting and shall have no authority to grant approval for such transaction.

(4) The Board of Directors Meeting

According to the Articles of Association of STA, the Board of Directors shall hold a meeting at least once every three months and any additional meetings as necessary. The meeting schedule shall be prepared in advance and notified to all directors for their acknowledgement. A meeting notice will be delivered to directors at least seven days prior to the date of the meeting, except in the case where it is necessary or urgent to preserve the rights and benefits of STA. At each meeting, the agenda items of the meeting must be clearly specified and supported by complete and sufficient documents, and must be delivered to the directors in advance so that the directors will have sufficient time to study such information prior to the meeting. At the meeting, each director is allowed to openly discuss and express his/her opinion. In addition, at the meeting of the Board of Directors, the senior executives will be invited to participate in order to present additional details of information on such matters in which they are directly involved.

STA is committed to providing the Board of Directors with adequate, complete, continuous information in a timely manner prior to a Board of Directors meeting. The Directors can directly and independently contact the Company Secretary. The Company Secretary is responsible for advising the Board of Directors on compliance with legal and regulatory requirements.

(5) Remuneration

The remuneration for directors must be made on a practical industry level based on working experience, role, responsibilities, and must be in line with the average market practice of the same industry.

(6) Training for Directors and Executives

STA usually provides an orientation to the newly appointed director so that such Director can discharge his/her duties effectively. The Company Secretary will liaise with the Directors in any matters such as affidavit, Articles of Association, manual of director in Annual Registration Statement (Form 56-1), working system information within the Company, and other related laws and regulations.

The Board of Directors has a policy to enhance and accommodate the provision of training on good corporate governance. Regular and continuous training programs are provided to directors so that they can improve their knowledge.

Moreover, STA has the policy to support the Directors and the Executive Officers to join the useful training program related to their duty. In 2013, the Company has arranged the training program "Behavioral Selling Series" for the Directors, the Executive Officers, and employees.

(7) Assessment of the Directors' Performance

STA has conducted the Directors' Self-Assessment where the assessment form is in accordance with the good corporate governance so that the assessment results can be further used to develop the performance of the Directors. Two types of assessment form are;

- The Board Assessment Form (Assessment of the Board as a whole)
- Individual Board Member Assessment Form (Self-Assessment)

The guideline for the assessment grading for each area is as follows:

- More than 90% = Excellent
- More than 80% = Very good
- More than 70% = Good
- More than 60% = Fair
- Less than 50% = Poor

The assessment results can be summarized as follows:

1. The Board Assessment Form (Assessment of the Board as a whole) consists of 6 areas; structure and qualification of the Board of Directors, roles, duties and responsibilities of the Board of Directors, the Board's meetings, the Board's performance of duties, relationship with management, and self-development of the Directors as well as the development of Executive Officers.

Overall assessment results for Board Self-Assessment (Assessment of the Board as a whole) in 6 areas represent a very good performance with an average score of 89.91%.

2. Individual Board Member Assessment Form (Self-Assessment) consists of 4 areas; responsibility on their decisions and actions as well as the effective performance of their duties, fair and equitable treatment to the stakeholders, transparency and traceability of work with the disclosure of information, and level of Principles of Business Ethics as well as Code of Business Conduct on their business operation.

Overall assessment results for Individual Board Member Assessment (Self-Assessment) in 4 areas represent an excellent performance with an average score of 90.57%.

The aforementioned policy has been acknowledged to the Directors, the Executive Officers, and employees through our internal communication channel (Intranet website).

Dealings in Securities

STA has a policy and procedure to monitor its executives in relation to their use of inside information of STA and its subsidiaries for personal interest as detailed in No. 9.5.

9.1.2 Principles of Good Corporate Governance under the Code of Corporate Governance 2012

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Effective Board to lead and control the Company

The Board's principal roles are set out under "Scope of Duties and Responsibilities of the Board of Directors of STA". The membership and attendance of the members of the Board and Board Committees at Board and Board Committee meetings held in FY2013 are disclosed in the table set out under "Details of Attendance for the Meetings of the Board of Directors and Board Committees".

Certain material corporate actions such as quarterly results announcements, annual results and financial statements, declaration of dividends, convening of shareholders' meetings, authorization of merger and acquisition transactions, and other material transactions that exceed the authority of the Executive Board and MD will require the Board's approval. The Board of Directors also consider and approve any transactions, including but not limited to related party transaction and the acquisition/disposal of assets of the Company, that are required by the SET and the SGX-ST.

STA has made available resources for Directors to receive training in any relevant specific area to enable them to discharge their duties with due care and diligence.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

The Board composition of the Company is set out under "Scope of Duties and Responsibilities of the Board of Directors of STA – Composition and Appointment of the Board of Directors of STA". In determining the independence of the Directors of STA, the Nominating Committee is guided by the factors set out under "Selection of Independent Director". The Nominating Committee reviews nominations for re-appointment as set out in "Scope of Duties and Responsibilities of the Nominating Committee".

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business

Dr. Viyavood Sincharoenkul is the Chairman and Managing Director (the equivalent of the Chief Executive Officer) ("**MD**") of the Company.

Notwithstanding the above, the Board believes that Dr Sincharoenkul should continue to lead the Group as Chairman and MD. Dr Sincharoenkul manages the day-to-day operations of the Group as its MD and is responsible for the strategic direction and growth of the Group. As Chairman, he ensures that Board meetings are held when necessary and sets agendas in consultation with other Directors. He ensures that Board members are provided with complete, accurate and timely information on a regular basis.

Furthermore, there is accountability and independent decision making by the Board by virtue of the following factors:

- The Board is of the view that there are sufficient safeguards and checks in place to ensure that management is accountable to the Board as a whole. The Nominating Committee, Remuneration Committee and Audit Committee are all chaired by Independent Directors.
- Active participation by Independent Directors during Board meetings, who challenge the assumptions and proposals of the management on all issues affecting the affairs and businesses of the Group.
- The appointment of Mr. Prakob Visitkitjakarn as Lead Independent Director, to address shareholder concerns which could not have been resolved through the normal channels of the Chairman or MD, or for which such contact is inappropriate. The Lead Independent Director also acts as the principal liaison between the Independent Directors and the Chairman on sensitive issues.

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for the appointment and re-appointment of directors to the Board

The Nominating Committee comprises a majority of Independent Directors, including the Chairman. The members of the Nominating Committee are Mr. Kriang Yanyongdilok, Mr. Samacha Potavorn and Mr. Kitichai Sincharoenkul. The Chairman of the Nominating Committee is Mr. Kriang Yanyongdilok. The duties and responsibilities of the Nominating Committee are set out in the section titled "Nominating Committee – Scope of Duties and Responsibilities of the Nominating Committee".

The selection, nomination, appointment and re-election processes of the Company's Directors according to the Articles of Association of STA are set out under the section titled "Composition and Appointment of the Board of Directors of STA" and "Nomination of Directors". For details of the factors taken into consideration for the selection of independent Directors, please refer to the section "Selection of Independent Director – Qualifications of Independent Director". The Independent Directors shall not be under anyone's influence and controlled by any situation.

A retiring Director shall be eligible for re-election. The Directors to retire in every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment. The details of the retirement and re-election of the Directors are set out under the section titled "Retirement and re-election of Directors".

The directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments by the Directors are set out below:

Name of Director	Present		Three preceding years (2011 – 2013)	
	Name of Company	Position	Name of Company	Position
1. Mr. Prakob Visitkitjakarn	ARIP PLC	Independent Director and Chairman of the Audit Committee	ARIP PLC Siam City Cement PLC	Independent Director and Chairman of the Audit Committee Director and Chairman of the Audit Committee
2. Mr. Neo Ah Chap	NAC Consultancy Services	Sole-Proprietor	-	-

BOARD PERFORMANCE

Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board

Details of the Board Self-Assessment and Individual Board Member Assessment are set out under the section “Assessment of the Directors’ Performance” under responsibility of the Board of Directors.

ACCESS TO INFORMATION

Principle 6: Board members should be provided with complete, adequate and timely information

The Board has separate and independent access to senior management and the Company Secretary at all times. The management provides information requested by the Board promptly and keeps the Board informed of all material events and transactions as they occur. Meeting agendas and board materials are provided to all Directors with sufficient time prior to meetings, so that there is sufficient time to seek clarification if required. The management consults Board members as necessary and appropriate.

The role of the Company Secretary is set out under "Company Secretary".

The Directors may, in fulfilling their duties, as a group or individually, when necessary, direct the Company to appoint external professionals to render advice.

REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for developing policy on executive remuneration

Principle 8: Remuneration of directors should be adequate but not excessive

Principle 9: Disclosure on remuneration policies, level and mix of remuneration, and procedure for setting remuneration

The Remuneration Committee comprises entirely of Non-executive and Independent Directors. The Remuneration Committee comprises Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok, and Mr. Samacha Potavorn. The Chairman of the Remuneration Committee is Mr. Visitkitjakarn.

The roles and functions of the Remuneration Committee are set out in the section "Scope of Duties and Responsibilities of the Remuneration Committee". The recommendations of the Remuneration Committee are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee.

Please refer to the section titled "Remuneration of Directors and Executive Officers" for information on the remuneration of the Company's Directors and Executive Officers.

The remuneration of employees who are immediate family members of Directors for the year ended December 2013 is as follows:

Name	Relationship	Remuneration Band⁽¹⁾
1. Mrs. Promsuk Sinchareonkul	Spouse of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band IV
2. Mr. Anek Pruksanusak	Brother of Mr. Anan Pruksanusak ⁽²⁾ , Director of the Company	Band I
3. Mr. Somboon Pruksanusak	Brother of Mr. Anan Pruksanusak ⁽²⁾ , Director of the Company	Band I

Note: (1) Remuneration Band

Band I	means remuneration between SGD50,001 and SGD 100,000
Band II	means remuneration between SGD100,001 and SGD 150,000
Band III	means remuneration between SGD150,001 and SGD 200,000
Band IV	means remuneration between SGD200,001 and SGD 250,000

(2) The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board has adopted a policy of openness and transparency in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Company reports its financial results quarterly and presents such financial results in a balanced and understandable manner.

STA usually holds an annual investor forum in Singapore so that shareholders in Singapore holding shares through the CDP can have an opportunity to meet with the Directors of STA. The representation of the Board at the forum will include at the minimum, the Managing Director, two other Executive Directors and two Independent Directors, one of whom will be the Lead Independent Director. Shareholders will be informed with operating results of STA and will be given the opportunity to air their views and ask the Directors any questions they may have.

RISK MANAGEMENT AND INTERNAL CONTROLS**Principle 11: Sound system of risk management and internal controls****Risk Management***Risks*

As a result of the Company's multi-national platform, it is exposed to various types of financial risks, such as foreign exchange risk, interest rate risk, credit and counterparty risks and liquidity risk. The Company uses forward and simple option contracts and interest rate swaps to hedge certain risk exposures.

The Company actively monitors and manages these risks associated with its business activities through an experienced risk management group which is responsible for identifying, evaluating, managing and controlling such risks.

Foreign exchange risks

The Company is exposed to foreign exchange risks arising from its exposure to currencies such as Indonesian Rupiah and US Dollars. These foreign exchange risks arise primarily from the difference of currencies dominated in the Company's sales and costs. As STA presents its income statement in Baht, it generally benefits in the event the US Dollar appreciates against the Baht. STA generally manages its foreign exchange risk through the use of forward and simple option contracts.

The Company is also exposed to foreign currency translation risks in respect of its investments in foreign operations. STA does not hedge its exposure to such risks as the management believes that the exposure to such risks is not significant due to the long-term nature of STA's investments in foreign operations.

Price risks

Prices of commodities in general, including natural rubber, have been volatile and the Company, like other participants in the natural rubber industry, is exposed to the risk of fluctuations in the price of natural rubber. To mitigate such risks, the Company monitors the demand and supply of natural rubber as well as prices of Natural Rubber Products. Through its long-established relationships, diversified customer base and negotiation power with buyers, the Company is able to transact sales of Natural Rubber Products either on a spot basis or long-term contracts, depending on various factors, including the price of natural rubber. In the event the Company is unable to transact its sales of Natural Rubber Products, it may enter into hedging arrangements through the use of rubber futures contracts.

Interest rate risks

The Company has fixed and floating interest rate borrowings. Interest rate risks refer to the Company's exposure to interest rate fluctuations on the Group's borrowings. The Company manages its exposure to interest rate risks by ensuring that the majority of the borrowings have a suitable repayment term as necessary for the use in such period and considering the trend of the interest rate in such period.

Credit and counterparty risks

A large portion of the Company's sales are to customers in various countries and territories in Asia such as, the PRC, India, Singapore, Japan and Korea and to the United States and Europe, for which the Company will require letters of credit from customers or cash against the presentation of documents of title. As such, the Company is exposed to credit and counterparty risks arising from normal business activities if its customers or counterparties fail to meet their contractual obligations. To mitigate such risks, the Company only transacts with counterparties after taking steps to assess their creditworthiness while also taking into account past transactional experience with such counterparties and their financial position. The Company also regularly monitors its counterparties' use of the credit limits which have been granted, with a specific focus on the counterparties identified as being of higher risk of default. Additionally, for sales into the PRC, the Company generally requires payment of cash on delivery and may grant substantial customers credit terms from the date of issuance of the invoice.

The Company is also exposed to credit risks with respect to the cash deposits which it places with and derivative financial instruments which it enters into with banks and financial institutions. The Company assesses the creditworthiness of the banks and financial institutions with which it transacts and mitigates its exposure by increasing the number of banks and financial institutions with which such cash deposits are placed.

Liquidity risks

The working capital cycle for the Natural Rubber Products produced, from the purchase of raw materials to the receipt of payment from customers, is approximately two to four months. As such, the Company regularly monitors its liquidity requirements to ensure it has sufficient cash to meet its operational needs while also maintaining sufficient headroom on unutilised committed borrowing facilities at all times so that the borrowing limits or covenants on its credit facilities are not breached. Additionally, the Company believes that due to the global demand for Natural Rubber Products, there is a ready market for its inventory and should be able to sell them quickly in the event that the Company is in need of funds.

In 2013, the Board of Directors has appointed the Risk Management Committee who has responsibilities to set the policy and control the Company's internal risk. Details are set out under "the Risk Management Committees".

Internal control systems

The following sets out a summary of the Company's internal control system and functions implemented to handle the risks related to the business:

- **Management Activity Control System** – The Board of Directors sets the annual operating goals of the Company by determining the clear mission, detailed operating plan of each department, and Key Performance Indicators (KPIs) in financial outcome, operating output, and customer satisfaction. Such control is closely monitored every month. The Board of Directors also annually reviews the adequacy and effectiveness of the Company's internal control systems.
- **Risk Assessment** – Changing environments may cause business at risk and negative impacts, therefore continuous risk assessment and monitoring are required. Each department shall assess its risk and prepare the solution plan. In addition, there is a regular management meeting to evaluate the current situation and select strategy to cope with the possible risks.

- **Control System** – The Company clearly determines measures and implementation plans by issuing orders, rules, approval authority, and working procedures for the management and all employees.
- **Information and Communication** – STA has moved towards “IT governance” to manage and control its IT system efficiently with IT risk management system based on international standard level. The goal and plan of the IT system are set based on the nature of STA's business and conforms with related laws and regulations. To minimize the incidences of errors or misleading information, users can only access the IT system through the channel provided by STA. In addition, STA provides backup and IT continuity plan in preparation for an emergency event. Nowadays, the Company has various communication networks, via both the Internet and its Intranet. The Internet is a communications channel between the Company and stakeholders such as shareholders, investors, and other external parties. For internal communication within the Group, the Intranet is the key method for correspondence. This ensures efficiency and accuracy of information, and that information is delivered in time to all related parties.
- **Monitoring and Reporting** – Each business unit reports its operating performance to the management every month. Daily reports setting out the aggregate amount and cost of raw materials purchased are generated by the managers of each of the Company's rubber processing facilities. In addition, the Company's sales and marketing department also generates a daily sales and inventory report. The senior management team utilises these reports to determine the net position of the Company's sales and cost of goods sold, and hence, the exposure to the various risks.
- **Reviews** – The managers of the Company's rubber processing facilities meet with the procurement and sales and marketing teams on a monthly basis, to prepare the budget (including the targeted monthly production capacities for each of the Company's rubber processing facilities as well as the sales targets for the month). These targets are set after taking into account several factors such as the estimated effective production capacity at each of the rubber processing facilities, the supply of raw materials that the Company is able to acquire, the demand for Natural Rubber Products, the price of natural rubber in the commodities markets and other general economic conditions. Such budgets are then reviewed by the senior management team before implementation. Through the monthly budget meetings and the setting of targets, the Company has established procedures which it believes allows it to achieve maximum return on investments within the appropriate risk parameters that are set by the senior management team from time to time.
- **Internal Audit** – The internal audit system of the Company is sufficient to examine the proper operation of each business unit and to build a confidence on information provided in the report. As assigned by the Board of Directors, the Audit Committee oversees the effectiveness of internal audit functions. The Internal Audit Department sets up the generally accepted risk based approach and functions their audit independently. The result of internal audit is directly reported to the Audit Committee on regular basis or at least quarterly basis.

The Board of Directors with the concurrence of the Audit Committee is of the opinion that the Company's internal controls in the past year are adequate and effective. The details are set out under “Audit Committee Report”.

The Board of Directors have received assurance from the MD and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the effectiveness of the Company's risk management and internal control systems. The details are set out under “Report of the Board of Director's Responsibility for the Financial Reports”.

Principle 12: Establishment of Audit Committee with written terms of reference

The Audit Committee comprises entirely of Non-executive Directors, namely, Mr. Prakob Visitkitjakarn, Mr. Kriang Yanyongdilok and Mr. Samacha Potavorn. The Chairman of the Audit Committee is Mr. Visitkitjakarn.

The Audit Committee have meeting quarterly and privately meet with the internal audit team and external auditors at least once a year without the presence of management to review the adequacy of audit arrangement, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors. The Audit Committee has the duties and responsibilities as set out under "Scope of Duties and Responsibilities of the Audit Committee".

INTERNAL AUDIT**Principle 13: Establishment of an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The Company recognises the importance of an internal control system, risk management system, and operational control, to ensure that all employees and the Executive Board share their duties and responsibilities so that all share the same goals.

Independent internal audit function

STA's Internal Audit Department is an independent unit, which reports directly to the Audit Committee. Under the Company's yearly internal audit plan, the Internal Control Department will perform an audit of the internal controls system, implement the risk management system, and provide general advice under the "Standard for the Professional Practice of Internal Auditing". This standard is an operating guideline and framework of internal audit that focuses on independent, just, and international standard operations with high quality auditing work. Guidelines for the development and training of internal audit staff are also included in the standard.

The Internal Audit Department provides adequate staffing with relevant experience to conduct the internal audits and has full, free and unrestricted access to all data of the Company that it requires to carry out its function. Mr. Wittawas Grungtanmuang serves as Head of Internal Audit Department. The Internal Audit Department is responsible for the internal auditing of all business unit operations of the Group under its annual internal auditing plan and provides advice to improve the internal audit system. The main considerations are primarily business and operational risks.

The Audit Committee continuously reviews the performance and the adequacy of the internal audit function. In addition, the Audit Committee may recommend improvements to the internal audit and internal control systems to the Board of Directors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES**Principle 14: Fair and equitable treatment of all shareholders****Principle 15: Regular, effective and fair communication with shareholders****Principle 16: Greater shareholder participation at general meetings of shareholders**

The Company aims to provide timely information to shareholders, and such information should be substantial and clear in relation to the matters at hand. The Company ensures that all shareholders should be equally informed of all major developments impacting the Group, and is accessible and responsive to the public at all times.

Details are set out under "Corporate Governance - the Principles of Good Corporate Governance for Listed Companies of 2012 – Rights of Shareholders" and "Corporate Governance –the Principles of Good Corporate Governance for Listed Companies of 2012 – Fair Treatment for Shareholders".

9.2 Sub-Committees

Committees of STA

As of 31 December 2013, the corporate structure of STA consists of six committees which are the Board of Directors of STA, the Audit Committee, the Executive Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee.

The Board of Directors of STA

As of 31 December 2013, the Board of Directors of STA consists of 10 directors* as follows:

Name	Position	Remarks
1. Mr. Viyavood Sincharoenkul	Chairman /Managing Director/ Executive Committee	Executive Director
2. Mr. Prasit Panidkul	Vice-chairman/ Executive Committee	Executive Director
3. Mr. Chaiyos Sincharoenkul	Director/ Executive Committee	Executive Director
4. Mr. Kitichai Sincharoenkul	Director/ Executive Committee/ Nominating Committee member	Executive Director
5. Mr. Paul Sumade Lee	Director/ Executive Committee	Executive Director
6. Mr. Veerasith Sinchareonkul	Director/ Chairman of the Risk Management Committee	Non-Executive Director
7. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
8. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
9. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
10. Mr. Neo Ah Chap	Independent Director	Non-Executive Director

Mrs. Pacharin Anuwongwattanachai is a secretary to the Board of Directors of the Company.

Note: *The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

Scope of Duties and Responsibilities of the Board of Directors of STA

STA has determined the scope of duties and responsibilities of the Board of Directors of STA as follows:

1. **Duties of the Board of Directors**

The Board of Directors of STA shall perform its duties with knowledge, ability, and experience to benefit the business operation of the Company. The Board of Directors shall also perform its duties in accordance with STA's objectives, its Articles of Association and shareholders' resolutions with due care in order to protect the interests of STA and be responsible to STA shareholders. According to the Articles of Association of STA, a meeting of the Board of Directors shall be held at least once in every three months.

2. **Review and Approve the Appropriate Policies**

The Board of Directors of STA is responsible for proposing, reviewing and approving STA's policies and business direction.

3. **Supervision of the Executive Committee**

The Board of Directors of STA shall supervise the Executive Committee to ensure that the policies set out are followed efficiently and that they notify the Board of Directors to propose material matters in relation to the significant business operations of STA and connected transactions to be in accordance with the regulations of the SEC, the SET and the SGX-ST.

If necessary, the Board of Directors of STA may appoint advisor(s) to advise or provide professional opinions to support the significant business decisions of STA.

4. **Arrange the Efficient Internal Control and Internal Audit Systems**

The Board of Directors of STA shall arrange efficient internal control and internal audit systems, in particular in respect of transactions in which the director(s) have an interest and are required to be approved by the shareholders' meeting pursuant to the law as well as the SET and SGX-ST regulations.

In any case, the assignment of the duties and responsibilities of the Board of Directors of STA shall not constitute an authorization or sub-authorization which may cause the Board of Directors of STA or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the notification of the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner, or any other conflict of interest with STA or its subsidiaries, except when the approvals of such transactions are consistent with the policy and criteria approved by the shareholders meeting or the Board of Directors meeting of STA.

Composition and Appointment of the Board of Directors of STA

The following is a summary of the composition, appointment, removal or retirement from the Board of Directors of STA set forth in the Articles of Association of STA:

1. The number of members of the Board of Directors of STA shall be determined by a shareholders meeting but shall be not less than five persons and not less than one-half of the total number of Directors must reside in the Kingdom of Thailand.
2. Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:
 - (1) Each shareholder shall have one vote for one share.
 - (2) A shareholder must use all of his/her votes in (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.

- (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.
3. At every annual general meeting, one-third of the Directors, or, if the number of Directors is not a multiple of three, then the number nearest to one-third, shall retire from office.
- The Directors who are to retire from office in the first and the second years after registration of the Company shall be drawn by lots. In subsequent years, the Directors who have been holding office for the longest time shall retire.
4. Any Director wishing to resign from office shall submit his or her resignation letter to STA. The resignation shall be effective from the date on which STA receives the resignation letter.
5. The shareholders meeting may pass a resolution to remove any Director from office prior to rotation, by a vote of not less than three-fourths of the number of the shareholders attending the meeting and having the right to vote, and whose shares represent a total of not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote.

The Board currently comprises ten Directors, four of whom are Independent Directors. The Company has five Executive Directors and five Non-executive Directors.

The composition of the Board takes into consideration the nature and scope of the Group's operations to allow constructive discussion, a diversity and balance of judgment for effective decision making. The Directors have invaluable experience in accounting, finance, business management, strategic planning, marketing, law and the rubber industry.

EXECUTIVE COMMITTEE

As of 31 December 2013, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman and Managing Director
2. Mr. Prasit Panidkul	Vice Chairman
3. Mr. Chaiyos Sincharoenkul	Director
4. Mr. Kitichai Sincharoenkul	Director and Manager of Legal and Administration
5. Mr. Paul Sumade Lee	Director and Manager of Sales and Marketing

Note: The resignation of Mr. Anan Pruksanusak as a director and executive director of the Company was effective from 13 May 2013 onwards.

Scope of Duties and Responsibilities of the Executive Committee

- To order, plan, and operate the business of STA to be in accordance with the policies set out by the Board of Directors of STA.
- To appoint STA's management to efficiently and transparently manage STA's businesses.
- Any two of the Executive Committee members jointly signing and affixing the company seal are eligible to grant proxies to any person to perform on behalf of STA in respect of any business that will benefit STA.
- To determine the appropriate employees' benefits and welfare in compliance with corporate culture and applicable laws.

5. To approve the credit limits of the normal business transactions or other transactions that bind STA.

In any case, the assignment of duties and responsibilities of the Executive Committee shall not constitute an authorization or sub-authorization which may cause the Executive Committee or its assignee to be able to approve any transaction in which such person or other related party (as defined in the Notification of the SEC or the Capital Market Supervisory Board) may have a conflict of interest or may benefit in any manner or any other conflict of interest with STA or its subsidiaries. Such approval must be proposed at a meeting of the Board of Directors and/or the meeting of shareholders, as the case may be, for approval, as stipulated in the Articles of Association of STA or subsidiaries, or any applicable laws.

AUDIT COMMITTEE

The Audit Committee consists of 3 independent directors and all have the qualifications required by the Capital Market Supervisory Board and the SET. As of 31 December 2013, the Audit Committee consists of the following directors:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Audit Committee
2. Mr. Kriang Yanyongdilok	Audit Committee Member
3. Mr. Samacha Potavorn	Audit Committee Member

Mr. Prakob Visitkitjakarn and Mr. Kriang Yanyongdilok are the Audit Committee members who have sufficient knowledge and experience to review the reliability of financial statements of STA.

Mr. Wittawas Grungtanmuang is a secretary to the Audit Committee.

Scope of Duties and Responsibilities of the Audit Committee

1. To assist the Board of Directors in the discharge of its responsibilities on financial and accounting matters (including reviewing STA's financial reporting process and our Company's consolidated financial statements to ensure accuracy and adequacy).
2. To review our Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review our Company's compliance with the law on securities and exchange, the regulations of the SET, the rules of SGX-ST, and the laws relating to business of STA.
4. To consider, select and nominate an independent person to be STA's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, interested person transactions or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SGX-ST and the SET, and are reasonable and in the best interests of STA.
6. To prepare, and to disclose in our Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:

- (1) an opinion on the accuracy, completeness and credibility of the company's financial report;
 - (2) an opinion on the adequacy of the company's internal control system;
 - (3) an opinion on the compliance with the law on securities and exchange, the regulations of the SET, the rules of SGX-ST, or the laws relating to the STA's business;
 - (4) an opinion on the suitability of the auditor of STA;
 - (5) an opinion on the transactions that may lead to conflicts of interests;
 - (6) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
 - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, within the scope of duties and responsibilities assigned by the company's board of directors.
7. To commission and review the findings of significant internal investigations and/or consult with the auditor in relation to such findings and report the findings to the Board of Directors of STA in the event that there is any suspected fraud or irregularity or infringement of any law or regulations of Thailand and Singapore, the rules of the SET and SGX-ST, or other relevant regulations which has or is likely to have a material impact on the results of operations and/or financial position of STA.
 8. To review the audit plans, scope of work and results of our audits compiled by our internal and external auditors.
 9. To review the co-operation given by our officers to the external auditors.
 10. To review our risk management structure (including all hedging policies) and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Directors.
 11. To perform any other act as delegated by the Board of Directors and approved by the Audit Committee.

Apart from the duties listed above, the Audit Committee is required to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the results of operations and/or financial position of STA.

NOMINATING COMMITTEE

As of 31 December 2013, the Nominating Committee of STA consists of 3 Directors as follows:

Name	Position
1. Mr. Kriang Yanyongdilok	Chairman of the Nominating Committee
2. Mr. Samacha Potavorn	Nominating Committee Member
3. Mr. Kitichai Sincharoenkul	Nominating Committee Member

Scope of Duties and Responsibilities of the Nominating Committee

1. Reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board of Directors of STA for the appointment of Directors.
2. Reviewing and recommending nominations for appointment, re-appointment or re-election or renewal of appointment of the Directors having regard to the Director's contribution and performance.
3. Determining annually whether or not a Director is independent.
4. Deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

Certain factors considered by the Nominating Committee in order to carry out their responsibilities above include:

- independence of mind;
- capability of the individual and how it meets the needs of the Company and simultaneously complements the skill set of the other Board members;
- experience and track record as directors in other companies; and
- ability to commit time and effort toward discharging his responsibilities as a Director.

REMUNERATION COMMITTEE

As of 31 December 2013, the Remuneration Committee consists of 3 Directors as follows:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Remuneration Committee
2. Mr. Kriang Yanyongdilok	Remuneration Committee Member
3. Mr. Samacha Potavorn	Remuneration Committee Member

Scope of Duties and Responsibilities of the Remuneration Committee

Our Remuneration Committee is responsible, among other things, for recommending to the Board of Directors a framework and criteria of remuneration for the Directors and executive officers, and for recommending specific remuneration packages for each Director and the Managing Director and to perform any other acts as delegated by the Board of Directors.

RISK MANAGEMENT COMMITTEE

As of 31 December 2013, the Remuneration Committee consists of 5 Directors as follows:

Name	Position
1. Mr. Veerasith Sinchareonkul	Chairman of the Risk Management Committee
2. Mr. Chaidet Pruksanusak	Risk Management Committee
3. Mr. Chalernpop Khanjan	Risk Management Committee
4. Mr. Patrawut Panitkul	Risk Management Committee
5. Mr. Nattee Touchamongkon	Risk Management Committee

Mr. Kitipong Phetkul is a Secretary of Risk Management Committee.

Scope of Duties and Responsibilities of the Risk Management Committee

1. Review policy and specify the risk management framework.
2. Recommend solutions for the risk management of all departments.
3. Monitor and evaluate risks and approve roles and responsibilities regarding the risk management for each relevant units.

9.3 Nomination of Directors and Executive Officers**Nomination of Directors and Independent Directors**

STA has established the Nominating Committee to nominate candidates who have appropriate qualifications to be a Director of STA. At the end of the office term of any Director or when it is necessary to appoint more Directors, the Nominating Committee will jointly discuss and consider determining the person(s) with appropriate experience, knowledge and ability to benefit STA to be a Director of STA. The nomination of the aforementioned person(s) will be proposed to the meeting of the Board of Directors of STA and the meeting of shareholders, respectively, for further approval.

Directors shall be elected at a shareholders meeting in accordance with the following criteria and procedures:

- (1) Each shareholder shall have one vote for one share.
- (2) A shareholder must use all of his/her votes in (1) to elect one or several persons as Director or Directors, however, he or she may not split his/her votes unequally between any person in any number.
- (3) The persons who receive the most votes shall be elected as Directors, in the number of Directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of Directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.

In case of vacancy in Directors' position according to any reasons except their service term ended, the rest of committee nominates candidates who are appropriate and no prohibited qualifications in accordance with the law as a replacement. The nomination will be a resolution in the next committee meeting. In case the service term of resigned Directors is less than 2 months, the replaced Directors will be appointed for service only in remaining period. The resolution to appoint any Directors for replacement shall be passed by a vote of not less than three-fourths of the number of the rest committee.

The resolution of the meeting of shareholders for the appointment of directors and independent directors will be the majority of votes of the shareholders attending the meeting and having the right to vote.

9.4 Principles of good corporate governance in subsidiaries and associates in following areas:**- Disclosure of financial performances and operational performances**

The Company ensures that the disclosure of financial performance and operational performance of subsidiaries and associates are conducted in an accurate, reliable and transparent manner in accordance with the accounting standard under certified public accountants association, company regulations and any relevant regulations.

- Related party transactions

To avoid any conflict of interest, STA and its subsidiaries, in engaging in related party transactions, will ensure that the transactions are carried out in reasonable and transparent way without any decision or opinion from an interested party who may have interest in the transactions. The transactions will be done based on the Company's interests and a related party will be treated as if a third party.

In the event that STA engages in related party transactions in the future, STA will ensure that such transactions are carried out in compliance with the SEC Act, the Securities Law of Singapore, regulations, notifications, orders or rules of the SET and SGX-ST. In addition, STA must also comply with the Thai GAAP on disclosure rules related to related party transactions and other requirements as specified by the Institute of Certified Accountants of Thailand and the Company's policy or other relevant laws.

In addition, when STA enter into related party transactions, STA will seek the Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Committee may arrange an independent expert, such as auditor or independent appraiser, to give opinion of the Audit Committee or the independent expert will be used by the Company's Board of Directors or shareholders, as the case may be, for making a decision to ensure that these related party transactions are carried out without any conflict of interest and for the best interest of all shareholders.

- Acquisition and disposition of assets

Any acquisition or disposition of assets with high value that may affect the Company's financial status will be brought up to a management meeting in order to classify the classes of transaction. The transaction's value will be calculated according to class transaction criteria and if the value of the transaction falls under any class, further actions will be taken according to the guidelines of the Securities and Exchange Commission on disclosure of information of listed companies on the acquisition and disposal of assets.

- Internal Control of Subsidiaries

The Internal Audit Department of the Company is assigned to audit the sufficiency of the internal control of the subsidiaries and reports its findings to the Audit Committee in order for the Company to be able to effectively control and monitor the internal control operation of the subsidiaries.

9.5 Dealings in Securities

STA has a policy and procedure to monitor its executives in relation to their use of inside information of STA and its subsidiaries for personal interest as follows:

1. Educate the Directors and executives of each department regarding their duties to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC, the SET and SGX-ST, as the case may be, including the applicable penalty in the case of breach according to the SEC Act, the regulations of the SET and the SGX-ST Listing Manual.
2. Arrange for the Directors and executives of STA and their spouses and minor-children to prepare and disclose the report of securities holding and the report of changes in securities holding of STA to the Office of the SEC pursuant to Section 59 of the SEC Act and deliver copies of such documents to STA on the same day, and to report to SGX-ST as stipulated in the Listing Manual of SGX-ST.

3. The Directors and executives of STA and its subsidiaries who know material inside information affecting changes in securities price, must be cautious in the trading of securities of STA within one month prior to the time when the financial statement or such inside information is disclosed to the public. Moreover, within 24 hours after such inside information has been disclosed to the public, no person involved with such inside information shall disclose any inside information to any person before such inside information has been notified to the SET and/or SGX-ST. Regarding penalty measures in the case of a violation of the above-mentioned regulations, STA deems such violation as warranting a disciplinary penalty according the working rules of STA.
4. The directors, executives, staff members and employees of STA shall not, whether directly or indirectly, purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell shares or other securities (if any) of STA by using inside information which has or may have an impact on the change of the price of STA securities and has not been disclosed to the public, in a manner that may directly or indirectly cause damage to STA and whether or not such act is done for their own or another person's benefit, or to disclose such information so that they will receive consideration from the person who engages in the aforementioned acts.

Directors and employees are also expected to observe applicable insider trading laws at all times even when dealing in securities within permitted trading periods. In addition, the Directors and employees are expected not to deal in the Company's securities for short-term considerations.

9.6 Audit's compensation

9.6.1 Audit Fee

Audit fee for the year 2013 of STA and its subsidiaries was Baht 7,480,000 which consisted of audit fee of stand-alone financial statements in amount of Baht 5,774,000 and audit fee of STA's subsidiaries in amount of Baht 1,706,000.

9.6.2 Non-Audit Fee

Non-audit fee for the year 2013 of STA and its subsidiaries of Baht 936,650 was for BOI audit, consulting services on accounting principles and staff training of which Baht 286,650 has already been paid and Baht 650,000 will be paid upon the completion of non-audit services.

9.7 Good Corporate Governance under the SET's Code of Best Practices

To comply with the SET's code of best practices, STA has used the Corporate Governance Self-Assessment to be the guideline of company corporate governance.

10. CORPORATE SOCIAL RESPONSIBILITY**10.1 The Policy of Corporate Social Responsibility**

Over the past 25 years that Sri Trang Group has committed to processing and exporting Natural Rubber products, we have dedicated to conduct business with good practices of corporate governance and Corporate Social Responsibility (CSR) and become a leader in global rubber industry. Towards our 3rd decade of sustainable business operation, we still maintain our global leadership in rubber industry and pursue sustainable business development. Our philosophy is to grow contingently with the community and society and to be an effective mechanism to constantly strengthen the stability of rubber industry. We value our way to conduct business in parallel with creating activities for communities and societies, maintain our environmentally-friendly production, create a fair trade standards to gain trust and acceptance from rubber farmers and customers, consider the impact on every aspect from business operations to all stakeholders including shareholders, employees, customers, suppliers, communities, and government agencies, as well as create the attitude and organisational culture to encourage employees to participate more in CSR activities.

Policy and guideline practices for CSR of Sri Trang Group, our core mission, lays on the 5 meaning of “GREEN” Natural Rubber as follows;

1. Good Corporate Governance

The Company is dedicated to good practices of corporate governance focusing on the structure of the Board of Directors, management, and shareholders to create a competitive advantage which will build growth and increase value of shareholders in the long run. In addition, other stakeholders are also taken into consideration to be involved with society and community.

2. Responsibility to Supply Chain

The Company has extended its business to cover the whole supply chain starting from rubber plantations to the production of finished products. This allows the Company to strictly control the quality of products to respond to downstream businesses who focus on the quality of the product at most. Another main concern of downstream businesses, either latex examination glove producers or tyre makers, is to ensure the safety for users. Thus, our responsibilities through supply chain management cover;

2.1 Rubber farmers and rubber dealers

The Company is strived for fair, transparent, clear principles, and accountability procurement of natural rubber which is the main raw materials for our production. We also encourage rubber farmers to produce high quality of rubber without contamination and properly store the rubber so that the quality of raw materials will meet our factory’s standards. Moreover, we support rubber farmers with knowledge to properly operate rubber plantations in order to increase yield which will, in return, increase their revenues as well as sustainable quality of life.

2.2 Customers

The Company is committed to producing high quality products and providing good services to create the highest satisfaction for the customers. We sincerely handle complaints from customers and promptly improve and correct flaws that might be caused from productions and/or services to achieve customer satisfaction and also to create the highest effective and efficient production.

3. Environmental Friendly and Safety Operation

As our Company’s nature of business is directly related to the natural and environment, we strictly adhere to environmental practices by implementing the effective environmental management systems. We also set up measures to prevent and minimize the environmental impacts caused by different activities from our Group to comply with laws and regulations. Furthermore, we aim to develop and promote more green areas in the factories to retain moisture, increase fresh air, and reduce unfavorable odors from production process. In addition, we reduce the use of chemicals in rubber

plantation and production of natural rubber products as well as finished products since it might affect the environment and communities in the long run.

In addition of environmental-friendly production and being aware that we are part of community, we stick to practice guidelines to preserve and maintain the ecological and social environment of the surrounding communities which will not only create the livable community but also support the Company to smoothly and steadily run the business in the long term.

In terms of health & safety, our Group fully comply with laws, regulations and other related requirements. We provide training, set up adequate and effective health & safety rules in workplace, and create a safe working environment for employees, contractors, and the other related parties.

4. *Engagement with Transparency*

The Company is committed to operating business with fairness, transparency, and accountability in all process. We believe that to operate business with fairness and ethics, comply with laws, and respect the rules of society, this could build the confidence of stakeholders and reduce any conflict of interests. This also will benefit business operation of the Company in the long run. We also encourage every level of our employees to work with integrity and adhere to business ethics. Employees should not exploit benefits that may cause conflict of interests to the Company and its stakeholders and should not improperly indulge on business operation. We also have a policy against all forms of corruptions to establish standards of transparent business operation which will benefit the organisation and rubber industry in the long run.

5. *Nurture Sustainability Attitudes Towards Organisation*

The Company believes that effective and sustainable CSR practices is rooted from the awareness of employees in every level from all departments. They need to have a positive attitude to follow the policies and have responsibility to society and other related parties. Our people also volunteer to participate in the community development and business partners' quality of life improvement. Moreover, they have cooperated to change their working behaviors and daily lifestyle in accordance with environmental conservation guidelines, to reduce energy consumption costs, and to enhance the effectiveness of organisation.

The Company promotes and supports staffs to devote to social activity, for example, to volunteer and participate activities of community, alleviate natural disaster victims, appropriately and continuously support any kinds of shortages in the community, and create a benevolent society and social care for each other.

10.2 Performance and Reporting

10.2.1 The preparation of the report is based on the 8 principles of CSR guidelines provided by the SET.

10.2.2 Corporate Social Responsibility Performance

The Company has employed a variety of methods to perform and measure CSR activities including organising questionnaires, conferences, seminars, open houses, visits to business partners, communities, rubber supplier along with taking complaints and opinions from any stakeholders to response and improve the Company's CSR framework processes.

10.2.2.1 Fair Trading

Responsibility to business partners and competitors

The Company believes that doing business with integrity would create confidence from the relevant agencies, including, governmental agencies, shareholders, business partners,

competitors, suppliers, customers and competitors. The Company has strictly uphold business ethics in dealing with business partners and competitors, so as to make sure that the Company would not destroy the reputations of those in the same industry.

When dealing with raw material suppliers, the Company has abide by regulations for a fair and transparent treatment between the Company and suppliers or rubber dealers, where the Company provides “free trading” with suppliers, meaning that anyone is welcomed to become the supplier of the Company. However, to become one of the Company’s suppliers, one must follow the standard of operations specified in the Company’s agreement strictly. Including it has trading systems for the purchasing of raw materials that is fair and of high standards, which evaluated each supplier with stringent criteria that could be inspected.

During 2011-2013, the Company has joined the auctions at various rubber auction markets, which are conducted with transparency and fairness. While in the South, the Company has been participating in auctions overseen by the Rubber Research Institute of Thailand. Here is the list of rubber auction markets in which the company has been joining:

- (1) Songkhla Central Rubber Market
- (2) Nakhon Sri Thammarat Central Rubber Market
- (3) Surat Thani Central Rubber Market
- (4) Auctions through other rubber markets via phone calls: Thong Pa Phum Cooperatives, Karnchanaburi province and Pa Kloack Farmers Group of Phuket province.

As for the purchasing price of raw materials, the Company has always referred to market prices quoted at SICOM, which is liquid marketplace for RSS and TSR actively driven by players worldwide.

The Company believes that by providing knowledge and understanding for suppliers and rubber farmers on how to efficiently carry out a rubber business would create sustainable income and good quality of life for themselves. The Company, then, has made regular visits to suppliers and rubber farmers. Upon every visit, the Company could promote more knowledge of quality rubber and inquire about the satisfaction of the suppliers toward the Company.

The Company values the importance of national rubber industry development, which relies mostly on rubber farmers to propel the industry forwards. With this bearing in mind, the Company has then decided to give support to a special project of “Rubber Tapper Skill Development”, co-created by the Rubber Replanting Aid Fund (ORRAF), mainly to provide training for amateur rubber tappers and present them with knowledge of quality production of raw materials, while also making sure that the environments for rubber farmers in the Northeastern and Northern regions are in good conditions. The Company further targets that at every location where the Company has set up its business it would assist in creating more jobs for rubber farmers in such areas to help them create a sustainable future. In 2013, the Company has a plan to continue this project in Phitsanulok province; however, the project was hold due to the protests of rubber farmers. Even so, the Company has set to continue the project in 2014.

Purchasing

The Company’s central purchasing unit has set up purchases and employment policies in line with social responsibility. The unit has been carrying out its operations in accordance with the Company’s purchase and employment policies, as well as business ethics concerning the relationships between business partners, competitors, and trade creditor, so as to prevent unfair business competitions, monopolization, and the creation of new suppliers. If a conspicuous situation is found behind any purchases or employment processes, they would be investigated and those responsible would be blacklisted by the company. In 2014 the Company founded one.

10.2.2.2 Anti-corruption

In terms of anti-corruption, the Company has set up written in part fair trading of CSR policy, Conducts of Relations with the Business Partners and Competitors, including whistleblower policies and guidelines which has been approved by the Board of Directors to support anti-corruption and acknowledged to the Committee, Management and staff at all level. Such policy was also published on the Company's website under the important policy on corporate governance topic.

10.2.2.3 Human Rights and Employee Rights

The Company deeply realises the importance of human rights and the rights to equality in the work place and has been treating all employees justly and equally without discriminations under a set of ethics and Code of Business Conduct, which include the following:

- Welcomes all opinions from any level of employee equally and justly
- Dedicated in developing and supporting all employees in every aspect, as well as thrive to create a good working atmosphere for team works. The Company also provides opportunities for all employees to progress in their work path appropriately, while providing them with decent rewards
- Provides a stage for employees to file their complaints, with clear cut procedures and processes
- Retains a policy against child labour and forced labour
- Gives freedom to the employees in grouping together to work out negotiations with clients under the jurisdictions of the laws, regulations, and rules of the company
- Adheres to democracy and encourages all employees to exercise their voting rights in accordance with the national Constitution

The Company sees all employees as its most vital resources in propelling the Company forward for success, apart from the social security fund that must be provided by the company as stated by the laws, every employee is entitled to returns in the forms of salary and OTs, while Hardshifters are also provided with extra rewards. All employees are also entitled to summer vacation pay, yearly bonuses, and basic welfares to help improve their quality of lives, such as, uniforms, assistance on rent, outside of office pocket money and lodging, health and safety insurances, provident fund, pensions, disaster relieve fund, taking leave to pursue higher study, as well as trainings for development, and recreation activities, including, sports day, and New Year's party, among others.

In terms of giving opinion, Employees can present their opinions and ideas via an opinion box, as well as through different activities organised as platforms for opinions sharing, as Kaizen activity.

In terms of evaluation, the Company has an evaluation committee tasked to review employees' performances, as well as uses the Key Performance Index (KPI) system to evaluate each employee for special rewards and bonuses to promote the employee.

The in-house activities that held in 2014 are as follow;

- In-house sports days
- Sri Trang Cup sports day of the company in lower southern Thailand
- Andaman Zone Cup sports day of the company in upper southern Thailand
- Lent candle offering by Sri Trang Head Quarter and SSC
- Annual alms giving

- Team work training
- Big cleaning day activities

10.2.2.4 Clients, Customers and Consumers Responsibilities

The Sales and Marketing Unit of the Company has been abiding by the Company's business ethics concerning customer relations, with an aim to create the best satisfaction and confidence for the customers in receiving the best quality products and services, with the right prices. The unit also provided complete and correct information about every product, delivered the products on schedule, provided guarantees, as well as provided communications channels for customers to make complaints about the Company's products and services.

Moreover, The Company is responsible to keep customers' personal information private and secure, organized visiting trips to the Company's factories for current clients to create better understanding about the Company's operations and products. The Company thrived to strengthen the relationships with the clients, by organising leisurely meetings annually, while also establishing an evaluation system for clients to obtain feedbacks on customers' satisfaction. In 2014 the customers' satisfaction average grade A and B is 94.6%.

10.2.2.5 Environmental Concern

In 2014, the Company held the environment activities are as follow;

- Sadao P.S. rubber has received RSS carbon footprint label certified by the Thailand Greenhouse Gas Management Organisation (Public Organisation)
- STA, Trang branch has received carbon footprint organisation label certified by the Thailand Greenhouse Gas Management Organisation (Public Organisation)
- Rubberland Products, Buriram branch was awarded a certificate for its participation in the Cleaner Technology project in 2013 from the Ministry of Industry.
- STA, Chumpon branch was certified by the Industry Ministry as an organisation for operating under the Good Environmental Governance.
- STA, Udon Thani and Chumpon branches were certified as a level 2 green industries, which is a project to strengthen the potential of factories in environmental management and sustainable social responsibility (CSR-DIW for beginner)

10.2.2.6 Innovation Performace

In 2014 the Company has published the social innovation are as follow;

Unused Material

Sri Trang Udon Thani branch, where it is the model plant in using SBR Plat ,unused material to create shoe shelves, book shelves within the factories and to be donated to schools in need as well as it's the sample to the others.

The promotion of the correct ways to make cup lump deliveries

As the each delivery of cup lump rubber could cause foul odours through the delivery routes. With this bear in mind, the Company has sent out letters and giving out leaflets asking cup lump suppliers to install gutters and barrels to hold the run off cup lump rubber during each delivery, as well as for every delivering vehicle to cover the cup lump neatly in order to limit the smell of the rubber as much as possible.

10.3 Impact on Social Responsibility from Business operation

The Company has operated its TSR production with high awareness of the environment and surrounding communities. The Company has continually conducted research to develop and improve the odors treatment system and controlled odour emissions of cup lump stored at the factory by using wood vinegar to keep smells at a minimal level. In addition, the Company has setup teams to undergo special trainings and seminars with the Pollution Control Department and obtained a certification for an appropriate mean to check the level of odour emitted in surrounding area. In 2014, the Company has no significant legal dispute on environment or community.

10.4 Environment and Social Activities

Environmental Concerns

In order to support the “Green Rubber Company” principle, In addition to the Company has valued the importance of having good environment in the factories through regular pollution control inspections to make sure that the pollution rates are under and complied with the laws. In 2014 the Company has held the activities as follows;

- Mangrove forests activities in different areas, including, the Naitonal Park Kanom of Nakhon Sri Thammarat province, Koh Rat of Don Sak district, Surat Thani province, Klong Son Beach of Si Kao district, Trang province, and the National Park of Chumpon province, where over 2,500 mangrove trees were planted in 2013.
- STA, Thung Song branch has joined “Take Kwuan Give Kon” operation, set up by the Forest Ministry and Nakhon Si Thammarat Industrial Office. Together with other organisations, this project restored deforested areas trespassed by local residents as a part of the “800 million trees, 80th Years of Her Majesty the Queen” project and a local project of “All for Loyalty, Love for Green Scenery”, held at Baan Kao Kao, Thung Song district, Nakhon Si Thammarat province.

Community and Social Development

The Company provides full support to activities of the communities surrounding the factories. These include local traditional and cultural activities such as various types of merit making ceremonies, and long-tail boat race, to name a few. The Company also gives donations to different agencies to support for various activities as well as to improve public utilities and donate funds to assist natural disaster victims, both domestically and internationally.

- STA, Udon Thani branch launched a project “Sri Trang Volunteers to Develop Schools for the Children” to restore the library’s floors, repaint the playground, and build shoes shelves from unused materials from the factories for the kindergarten students and grade 1-6 elementary school students at Baan Champa Prachanukroa School, Udon Thani province.
- STA, Hat Yai branch held “The 1st Sri Trang Knowledge to the Community Project: Knowing about Rubber” to provide knowledge about the rubber as well as how to produce unsmoked sheet and fresh latex with a quality that match with the requirement of the factory to the Baan Muan Kong Community Moo 5 and 7, which were located near the factory.
- The Company has participated in cleanliness development by cleaning up wastes in nearby communities such as community roads, monasteries, and schools to improve and rebuild good environmental atmosphere in the areas as well as to unity and sacrifice among the Company’s employees. Moreover, the participation showed the Company’s sincerity in trying to live sustainably with surrounding communities. Some of our branches who have participated in such activities were STA, Udon Thani branch, Rubberland Products, Hat Yai branch, etc.

- Organised children's day activities, along with New Year celebrations for governmental offices, school, and communities
- The representative of CSR working team and employees of STA, Ubon Ratchathani branch co-hosted unity of Kathin for the construction of Senasana and arched entrance khong at Nhonyai Temple, Mueang Si chi Subdistrict, Warin Chamrap District, Ubon Ratchathani Province.
- Sri Trang Rubber and Plantation hosted unity of Kathin for Nabia Temple, Thern District, Lampang Province located nearby community of Thern rubber plantation where most of employees live in.
- Donated Baht 1 million for the construction of buildings of the Phra Dabos School in southern border region.
- Donated Baht 500,000 to help victims of the Haiyan Typhoon in the Philippines.

For more detail of Corporate Social Responsibilities performance, please see our CSR report 2014, which is published on the Company's website www.sritranggroup.com under the sustainability topic.

11. INTERNAL CONTROL AND RISK MANAGEMENT

STA recognises the importance of its internal control system, risk management, and the monitoring of the business operation, which is a continuous process; and the role and shared responsibilities of all STA staff members ranking from the Executive Committee to each employee. STA has set up a sufficient and appropriate internal control system to provide a reasonable assurance that all functions within the Group are operated consistently and are able to meet the goals laid down by Executive Committee. STA has established an Internal Audit Department which is an independent unit and reports directly to the Audit Committee. The appointment, removal, and rotation of Head of Internal Audit Department need an approval from the Audit Committee. The Internal Audit Department performs an internal control assessment pursuant to the annual plan by considering related risk factors as approved by the Audit Committee as well as supporting the creation of a risk management system and providing various recommendations to ensure that all operations of the Company meet the objectives as planned. The Internal Audit Department has followed the Standard for the Professional Practice of Internal Auditing as a guideline for its work, which focuses on independent, just, and international standard operations with high quality auditing work. Therefore, the Company encourages internal audit personnel to take internal audit related certificates i.e. CIA (Certified Internal Auditor), CPIAT (Certified Professional Internal Audit of Thailand), earned by two of our internal audit personnel, and CISA (Certified Information Systems Auditor). Furthermore, an adequate training program specially designed for each individual internal audit personnel is provided continuously. In addition, according to an independent auditor who certified the Company's financial statements for the year 2013, there was no weakness in the internal control system which will materially affect the financial statements of the Company.

The following is a summary of the internal control and risk management system of the Company:

Audit Committee: The Audit Committee responsibility is to consider the sufficiency of the Company's internal control system by considering and approving the audit planning including continuously reviewing the performance of the Internal Audit Department, that the Audit Committee has to consider the sufficiency of the Internal Audit Department's officer and the knowledge and ability of the management team of internal audit group in view of qualification, education, experience, and training, and the independent auditor. The Audit Committee emphasizes the sufficiency and adequacy of the internal control system and ensures that all operations have complied with the laws, rules, regulations and other relevant policies. If the Audit Committee has any recommendations or finds any significant error or misconducts, the Audit Committee will discuss with responsible management team and directly report such matters to the Board of Directors for appropriate actions or further improvement.

Internal Audit Department: Mr. Wittawas Krungtaenmuang, who is the Chief Audit Executive has duties to manage the Internal Audit Department within STA group and monitor the operation of various units within the Group in accordance with the annual plan as assigned by the Executive Committee or the Audit Committee by using the principle of risk management to make an assessment on the businesses or the working processes, and also gives advices and makes recommendations regarding the improvement of internal control to the management of each unit and also provides operation guidelines to improve effectiveness and efficiency.

Management Activity Control System: The Board of Directors sets the operating goals of the Company by determining the clear vision, mission, as well as business growth and appointing working team to review Key Performance Indicators (KPIs) of each business unit. This is to ensure that the target in terms of financial outcome, operating result, customer satisfaction, etc. of each business unit will be consistently aligned with the goals throughout the organization. Such control is continuously closely monitored.

Risk Management: The Board of Directors gives precedence to risk management system and its effectiveness. Therefore, the meeting of the STA Board of Directors no. 4/2013 on 14 November 2013 has passed the resolution to approve risk management policy and the appointment of risk

management committee to oversee the effectiveness of the Company's risk management system. Changing environments may cause business at risk and negative impacts, therefore continuous risk assessment and monitoring are required. Each department shall assess its risk and prepare the solution plan. In addition, there is a regular management meeting to evaluate the current situation and select appropriate strategies to cope with any possible risks.

Control: The Company clearly determines measures and implementation plans by issuing orders, rules, approval authority, and working procedures for the management and all employees.

Information and Communication: The Company has various communication networks, via both the Internet and its Intranet. The Internet is a communications channel between the Company and stakeholders such as shareholders, investors, and other external parties. For internal communication within the Group, the Intranet is the key method for correspondence. This ensures efficiency and accuracy of information, and that information is delivered in time to all related parties.

Monitoring and Evaluation Systems: The management continuously monitors economic situations to strategically plan business operation under current and future circumstances that may impact organisation's goal. Key Performance Indicator (KPI) report will be conducted in order to closely and timely monitor and evaluate operating performance of organisation.

Risk Reporting: Daily reports setting out the aggregate amount and cost of raw materials purchased are generated by the managers of each of the Company's rubber processing facilities. In addition, the Company's sales and marketing department also generates a daily sales and inventory report. The senior management team utilises these reports to determine the net position of the Company's sales and cost of goods sold, and hence, the exposure to the various risks.

Reviews: The managers of the Company's rubber processing facilities meet with the procurement and sales and marketing teams on a monthly basis, to prepare the budget (including the targeted monthly production capacities for each of the Company's rubber processing facilities as well as the sales targets for the month). These targets are set after taking into account several factors such as the estimated effective production capacity at each of the rubber processing facilities, the supply of raw materials that the Company is able to acquire, the demand of Natural Rubber Products, the price of natural rubber in the commodities markets and other general economic conditions. Such budgets are then reviewed by the senior management team before they are implemented. Through these monthly budget meetings and the setting of targets, the Company has established procedures which it believes to achieve maximum return on investments within the appropriate risk parameters that are set by the senior management team from time to time. For the performance of each business unit, Internal Audit Department has randomly checked the accuracy of important topics in KPI report, especially on main function departments such as procurement department, production department, exporting department, etc.

Following the meeting of the STA Board of Directors no. 2/2014, on 28 February 2014, which was attended by four members of the Audit Committee, the STA Board of Directors, having received information from the management and relevant staff members, assessed the internal control system and concluded that by assessing the internal control system of the Company in five elements, which are organization and the environment, risk management, control of the operation of the management, information and communication, and monitoring system. The STA Board of Directors was of the opinion that STA has a sufficient and appropriate internal control system with adequate personnel to effectively monitor the system and the operation of subsidiaries. Neither the opinion of the independent directors nor the Audit Committee differs from the opinion of the STA Board of Directors with regard to internal control. However, the Audit Committee has emphasized the strict implementation of Good Corporate Practice of the Company in order to comply with the regulations of the Capital Markets Supervisory Board, the SET, SGX-ST, and the Office of the SEC to ensure that the operation of the Company is conducted in the most transparent and effective manner possible.

In addition, the meeting of the Audit Committee of STA no. 1/2014, on 27 February 2014, made an assessment of the internal control system of the Company and was of the opinion that the internal control of the Company was adequate and appropriate.

Regarding the monitoring and supervision of the subsidiaries of STA, the Directors of STA will serve as directors of the subsidiaries and associates and may from time to time nominate the Company's representatives to serve as directors of the subsidiaries. The Internal Audit Department of the Company is assigned to audit the sufficiency of the internal control of the subsidiaries and reports its findings to the Audit Committee in order for the Company to be able to effectively control and monitor the internal control operation of the subsidiaries.

12. RELATED PARTY TRANSACTIONS

12.1 RELATED PARTY TRANSACTIONS

The related party transactions that are material with value of transaction exceeding THB 5.0 million that were disclosed in the notes to the financial statements of STA and the interested person transactions that were not disclosed in the notes to the financial statements of STA for the financial year ended 31 December 2012 and 31 December 2013 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
1. SSC	- An associate company. - A company in which STH, the majority shareholder of STA, holds 6% of the shares. - A company in which Mr. Viyavood Sincharoenkul, the majority shareholder and the Chairman of STA, holds, directly and indirectly, in an aggregate of 11.83% of the shares. - Two directors of STA, who are Mr. Viyavood	1.1 STA Revenue from the sale of Concentrated Latex	1,131.92	1,683.32	STA sold Concentrated Latex to SSC based on the market price. STA and Rubberland Products were responsible for procuring Concentrated Latex for SSC in accordance with the terms of the Joint Venture Agreement.	The price of the Concentrated Latex that STA sold to SSC was based on the market price that was quoted by SICOM (Singapore Commodity Exchange).
		Revenue from the provision of office related services	5.47	5.47	STA entered into an agreement with SSC in relation to the provision of computer equipment and office supplies, legal services, accounting and financial services, including export and import services. The service fee that was charged by STA to SSC for the Bangkok branch office was Baht 50,000 per month and for the Hat Yai branch office Baht 434,000 per month, same rate	The rate of service fee charged to SSC was comparable to the market price rate for services of a similar nature.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
	Sincharoenkul and Mr. Kitichai Sincharoenkul are the directors of SSC.				with year 2012, which were comparable to the market price.	
		• Revenue from dividends	252.00	-	STA received dividends from SSC paid from the operation results of SSC.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of SSC. STA received dividend in proportion to its shareholding in SSC.
		• Accounts receivable	13.73	35.50	Outstanding accounts receivable from the sale of field latex and advance payments at the end of the period.	Outstanding balance according to the payment terms under normal trade conditions and normal accounts receivable.
		• Expense in relation to the purchase of latex examination gloves	602.38	563.30	STA purchased latex examination gloves from SSC for selling to its domestic customers as STA has its own sales office for the domestic market while SSC does not. The purchase price of the latex examination gloves was comparable to the wholesale price of other latex examination glove producers in the country.	SSC has neither sales nor marketing unit for latex examination gloves in Thailand as most of the SSC sales came from overseas customers. For this reason, in order to penetrate into Thailand market and to maximize the utilization of STA resources, STA purchased latex examination gloves from SSC for domestic sale at a price comparable to the market price. STA received adequate profit from entering into such transaction.
		• Accounts payable	83.39	93.49	Most of the accounts payable came from the purchase of latex examination gloves for domestic sale.	Outstanding balance according to the payment terms under normal trade conditions and the accounts payable were normal.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		1.2 Nam Hua Rubber Revenue from the sale of Concentrated Latex	460.54	547.85	Nam Hua Rubber sold Concentrated Latex to SSC at a price comparable to the market price, which was the same price as sold by STA and Rubberland Products pursuant to the Joint Venture Agreement.	The price of the Concentrated Latex that was sold by Nam Hua Rubber to SSC was based on the market price that was quoted by SICOM (Singapore Commodity Exchange).
		Accounts receivable	41.14	3.06	Outstanding accounts receivable from the sale of field latex and advance payments at the end of the period.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		1.3 Rubberland Products Revenue from the sale of Concentrated Latex	819.85	1,090.71	Rubberland Products sold Concentrated Latex to SSC at the market price. The Group was responsible for procuring Concentrated Latex to SSC pursuant to the Joint Venture Agreement.	The price of the Concentrated Latex sold by Rubberland Products to SSC was based on the market price that was quoted by SICOM (Singapore Commodity Exchange).
		Revenue from the sale of ground water	44.05	43.21	Rubberland Products sold ground water to SSC as its factories were located in the same area. The sale price was at Baht 16 per cubic meter, which was comparable to the price of tap water sold by the Provincial Waterworks Authority.	SSC factory was located near the factory of Rubberland Products and SSC did not possess its own ground water well. The price of ground water sold to SSC was comparable to the price of tap water sold by the Provincial Waterworks Authority to the business sector.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		Revenue from the provision of field latex tank	32.91	13.12	Rubberland Products entered into the leasing of field latex tank agreement with SSC as SSC did not have its own tank to store the field latex. The service fee for 100 ton was Baht 40,000 per month per tank, for 250 per month per ton was Baht 100,000 per month per tank which was comparable to the market price and reflected the relevant cost and an adequate profit of Rubberland Products.	The service fee for the provision of field latex tank was comparable to market price and reflected the relevant cost and an adequate profit margin for Rubberland Products.
		Revenue from house rental service	9.14	4.64	Rubberland Products provided the house rental service to SSC as the SSC factory located adjacent to the area of Rubberland Products. The rental fee was Baht 600 per unit per month, for all type of buildings, which was comparable to the market price in that area.	The rental fee was comparable to the market price (monthly rate) in that area.
		Revenue from dividends	69.84	-	Rubberland Products received dividends from SSC paid from the operation results of SSC.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of SSC. Rubberland Products received dividend in proportion to its shareholding in SSC.
		Accounts receivable	5.26	4.25	Outstanding accounts receivable from the sale of ground water and	Outstanding balance according to the payment terms under normal trade conditions and the accounts

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
					the aforementioned services.	receivable were normal.
		1.4 Starlight Express Transport Revenue from import-export freight forwarding fees	7.73	7.37	Starlight Express Transport provided export and import services to SSC as Starlight Express Transport has expertise and personnel suitable for the provision of services. The fees for the preparation of the related export and import documentation for the year 2011 and 2012 were Baht 280 per container and Baht 500 per set respectively and the fee for the trailer service was USD 60 per container. These rates were comparable to the market price of other service providers in the same industry.	Starlight Express Transport has expertise in the logistics services and the documentation work concerning logistics. The rate of service fee reflected the reasonable cost of its business operation and was comparable to other service providers in the same industry.
		Revenue from logistic services	55.41	52.21	Starlight Express Transport provided logistics services to SSC as Starlight Express Transport conducted logistics services and has equipment and personnel ready to support such service. The service fee was at the market price	Starlight Express Transport has expertise in the logistics services and the documentation work concerning logistics. The rate of service fee reflected the reasonable cost of its business operation and was comparable to other service

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
					according to the transportation route and was adjusted according to the change of the oil price in each period.	providers in the same industry.
		Accounts receivable	6.09	4.49	Outstanding accounts receivable from the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		1.5 Premier System Engineering Revenue from the manufacturing of machinery and equipment	381.02	198.30	Premier System Engineering produced and sold machinery and equipment to SSC as the machinery used in the manufacturing process of SSC required special specification and SSC needed to keep its production technology and equipment as its business secret. Premier System Engineering has equipment and personnel suitable for the manufacturing of machinery and equipment. The price of the machinery and equipment sold by Premier System Engineering were comparable to the market price which reasonably reflected the cost of production, operation, and an adequate profit margin.	Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber. The price of the machinery and equipment sold to SSC reflected the reasonable cost of its production and an adequate profit margin of Premier System Engineering and was comparable to the market price.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		Revenue from cleaning service	64.44	60.95	Premier System Engineering provided cleaning service for the machinery and equipment to SSC as Premier System Engineering has expertise in machinery and equipment and was the seller of machinery and equipment to SSC. The rate of service fee was comparable to the market price and reflected an adequate profit margin of Premier System Engineering.	Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber. The rate of service fee for cleaning the machinery and equipment of Premier System Engineering reflected the reasonable cost of its business operation and an adequate profit margin of Premier System Engineering and was comparable to other service providers in the same industry.
		Revenue from equipment and instrument calibration service	5.61	4.29	Premier System Engineering provided the equipment and instrument calibration service to SSC as Premier System Engineering has equipment and personnels ready for provision of such service. The rate of service fee was based on type of equipment and instrument and also was comparable to the market price of other service providers in the same field.	Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber. The rate of service fee for equipment and instrument calibration of Premier System Engineering reflected the reasonable cost of its business operation and an

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
						reasonable profit margin of Premier System Engineering and was comparable to other service providers in the same industry.
		Revenue from information technology services	16.78	17.19	Premier System Engineering provided IT and information system service to SSC as Premier System Engineering has equipment and personnel ready for provision of such service.	The service fee was comparable to the market price.
		Revenue from purchasing-maintenance the machines	17.94	19.10	Premier System Engineering provided maintenance services of machinery to SSC. The service fee was based on actual works which was comparable with market rates.	Service fee was comparable with market rates.
		Revenues from sales of equipment and machinery spare part	162.28	138.72	Premier System Engineering provided stock management services and procured equipment and machinery spare part to SSC since it has expertise and specializes in machinery and equipment.	The service fee was comparable to the market price.
		Accounts receivable	40.98	46.15	Outstanding accounts receivable from the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		Expense from purchasing	6.09	6.16	Premier System Engineering purchased supplies from SSC in	Large purchasing quantity of supplies enables the Group to

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		supplies			order to save purchasing cost and efficiently manage supplies of the Group. The purchasing price of supplies was weighted average cost of SSC excluding any other related processing expenses.	receive discounts and increase bargaining power. The purchasing price of supplies that Premier System Engineering purchased from SSC was comparable to market price without any other related processing expenses.
		1.6 Anvar Parawood Revenue from the sale of firewood	808.48	714.66	Anvar Parawood sold firewood to SSC as Anvar Parawood operates the business of the sale of rubber wood and has personnel suitable to provide such service. The price of the firewood was the price on the date the transaction was entered into plus the operation cost and an adequate profit margin which was comparable to the market price.	The selling price of the firewood was comparable to the price offered by other sellers.
		Accounts receivable	16.79	13.34	Account receivable from the sale of parawood.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.
		1.7 Shi Dong Shanghai Purchase of glove	105.19	36.97	Shi Dong Shanghai purchased gloves from SSC to distribute in	The selling price of the glove was comparable to the wholesale price

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
					Chinese market as Shi Dong Shanghai acted as a sale & distribution unit in China whereas the market SSC did not have any presence of sale & distribution.	offered by other sellers.
2. Semperflex Asia	- An associate company. - A company in which STH, the majority shareholder of STA, holds 5.0% of the shares. - A company in which Mr. Viyavood Sincharoenkul, the majority shareholder and the Chairman of STA, holds directly and indirectly, in an aggregate of 12.38% of the shares. - Three directors of STA, who are Mr.	2.1 STA Revenue from dividends	75.00	56.25	STA received dividends from Semperflex Asia paid from the operation results of Semperflex Asia.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of Semperflex Asia. STA received dividend in proportion to its shareholding in Semperflex Asia.
		2.2 Rubberland Products Revenue from dividends	10.00	7.50	Rubberland Products received dividends paid from Semperflex Asia based on its operating results.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of Semperflex Asia. Rubberland Products received dividend in proportion to its shareholding in Semperflex Asia.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
	Viyavood Sincharoenkul, Mr. Kitichai Sincharoenkul and Mr. Veerasith Sinchareonkul, are the directors of Semperflex Asia.	2.3 Starlight Express Transport Revenue from transportation	7.19	6.45	Starlight Express Transport provided logistics services to Semperflex Asia as Starlight Express Transport conducted logistics services and has equipment and personnel ready for the provision of such service. The service fee was comparable to the market and changed according to the oil price level.	Starlight Express Transport has expertise in logistics services and documentation work concerning logistics. The rate of service fee reflected the reasonable cost of its business operation and was comparable to other service providers in the same industry.
		2.4 Premier System Engineering Revenue from the manufacturing of machinery and equipment	8.86	27.54	Premier System Engineering sold machinery and equipment to Semperflex Asia as the machinery used in the manufacturing process of Semperflex Asia required special specification and Semperflex Asia needed to keep its production technology and equipment as its business secret. Premier System Engineering has equipment and personnel suitable for the manufacturing of machinery and equipment. The price of the machinery and equipment sold by Premier System Engineering were comparable to the market price.	Premier System Engineering has expertise in the development, production, and maintenance of machinery and equipment in relation to the production of natural rubber and finished products from natural rubber. The price of the machinery and equipment sold to Semperflex Asia reflected the reasonable cost of its production and an adequate profit margin of Premier System Engineering and was comparable to the market price.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		Revenue from selling and maintenance machine	0.30	22.27	Premier System Engineering provided maintenance services of machinery to SSC. The service fee was based on actual works which was comparable with market rates.	Service fee was comparable with market rates.
		Revenues from sales of equipment and machinery spare part	13.21	33.59	Premier System Engineering provided stock management services and procured equipment and machinery spare part to Semperflex Asia since it has expertise and specializes in machinery and equipment.	The service fee was comparable to the market price.
		Accounts receivable	2.00	5.57	Account receivable from the above services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts receivable were normal.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
		2.5 Anvar Parawood Revenue from the sale of pallets	7.95	7.92	Anvar Parawood sold pallets to Semperflex Asia as Anvar Parawood conducted the business of selling rubber wood and has personnel suitable for providing such service. The price of pallets sold to Semperflex Asia was comparable to the market price.	The price of the pallets was comparable to the price of other sellers.
3. Thai Tech Rubber	- An associate company. - Two directors of STA, who are Mr. Viyavood Sincharoenkul and Mr. Paul Sumade Lee, are the directors of Thai Tech Rubber.	3.1 STA Revenue from dividends	51.59	71.69	STA received dividends from Thai Tech Rubber paid from the operation results of Thai Tech Rubber.	The payment of dividend was made in accordance with the resolution of the shareholders' meeting of Thai Tech Rubber. STA received dividend in proportion to its shareholding in Thai Tech Rubber.
		3.2 Sri Trang International Cost of the purchase of TSR	2,984.19	4,551.97	Sri Trang International purchased TSR from Thai Tech Rubber for selling to international market. The purchase price was based on SICOM	The natural rubber that the Group produced to international customers was distributed by Sri Trang International as Thai Tech Rubber did not do marketing or sale of natural rubber to international customers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
						The natural rubber price that Thai Tech sold to Sri Trang International was comparable to the market price that third party sold to Sri Trang international.
		Accounts payable	170.99	229.31	Accounts payable from the provision of the aforementioned services.	Outstanding balance according to the payment terms under normal trade conditions and the accounts payable were normal.
4. Pattana Agro Futures	- An associate company. - Two directors of STA, who are Mr. Viyavood Sincharoenkul and Mr. Kitichai Sincharoenkul, are the directors of Pattana Agro Futures.	4.1 STA Accounts receivable for the future trading of natural rubber	126.55	57.89	Accounts receivable from the trading of natural rubber future contracts	Normal business transaction for future trading
		Amount due from futures brokers	26.11	70.45	Deposit made for trading in futures market in accordance with AFET criteria.	Normal business transaction for future trading

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
5. Prukha Rubber Co., Ltd.	The Executives Officer of STA, Mr. Udom Pruksanusak and siblings, hold more than 50% of the shares in Prukha Rubber Co., Ltd. Mr. Udom Pruksanusak is the authorized signatory of Prukha Rubber Co., Ltd.	5.1 Nam Hua Rubber The purchase of field latex	114.27	131.45	Nam Hua Rubber purchased field latex from Prukha Rubber Co., Ltd. because the rubber plantations of Prukha Rubber Co., Ltd. were located close to the factory and the purchasing center for purchasing field latex of Nam Hua Rubber. Moreover, Prukha Rubber Co., Ltd. was capable of supplying rubber of the quality and quantity as required by Nam Hua Rubber. The purchasing price of the field latex was at the price that the Group made an announcement to general customers in front of its factory.	Nam Hua Rubber required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from general suppliers.
		5.2 Sadao P.S. Rubber Cost of the purchase of unsmoked sheet rubber	7.06	9.38	Sadao P.S. Rubber purchased unsmoked sheet rubber from Prukha Rubber Co., Ltd., a dealer who buys unsmoked sheet rubber from the farmers and sells it to factories located in the Sadao District where is close to the Sadao P.S. factory. Moreover, Prukha Rubber was capable to supply unsmoked sheet rubber at the quality and quantity as	Sadao P.S. Rubber required unsmoked sheet rubber as the raw material for the production of RSS. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from general suppliers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
					required by Sadao P.S. Rubber. The purchase price of unsmoked sheet rubber was the price that the Group made an announcement to general customers in front of its factory.	
6. Worldwide Shipping Logistic Service Pte.	A company with 100% of its shares owned by a spouse of a child of a Director of STA – Mr. Prasit Panidkul	6.1 STA Transportation expense	0.11	8.14	Worldwide Shipping Logistic Service Pte., provided freight forwarding service for transportation of goods from STA factories to overseas customers. The service fee paid by STA to Worldwide Shipping Logistic Service Pte., was comparable with the service fee of other service providers having no connection with the Group. STA will conduct a price comparison each time it enters into an agreement for receiving such services.	The fee was reasonable and comparable to the market price.
7. Tham Phannara Rubber Fund Cooperative	Wife (Mrs. Jiraporn Aksornnam) of Co-Group Production Manager (Mr. Asom Aksornnam) is an authorized person on behalf of the cooperative.	7.1 STA Purchasing field latex	-	31.28	STA purchased field latex from Tham Phannara Rubber Fund Cooperative as it situates nearby STA's procurement unit. Moreover, it was capable of supplying rubber of the quality and quantity as required by STA. The purchasing price of the field latex was at the	STA required field latex as a raw material for the production of Concentrated Latex. The purchase price was at the market price determined daily by the procurement department of the Group for the purpose of purchasing raw materials from general

Related Parties	Relationship	Type of Transaction	Value of Transaction (THB Million)		Necessity / Reasonableness of the Transaction	Opinion(s) of the Audit Committee
			Consolidated FY 2013	Consolidated FY 2012		
					price that the Group made an announcement to general customers in front of its factory.	suppliers.
8. The Board of Director of STA and subsidiaries consists of: • Mr. Somwang Sincharoenkul • Mr. Viyavood Sincharoenkul • Mr. Kitichai Sincharoenkul • Mr. Prasit Panidkul • Mr. Chaiyos Sincharoenkul • Mrs. Promsuk Sincharoenkul • Mr. Anan Pruksanusak	Directors of STA and the subsidiaries	Personal guarantees have been provided on the loans that have been extended to STA and subsidiaries by financial institutions	715.00	1,185.00	Directors of STA and the subsidiaries provided personal guarantees on the loans that have been extended to STA and subsidiaries by financial institutions as a requirement of borrowing specified by certain financial institutions.	Such support complied with the requirements of sponsor support agreement and was made for the benefit of STA and the subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.

INTERESTED PERSON TRANSACTIONS

Interested Person transactions as defined in the SGX listing manual Rule: 920 for the financial year ended 31 December 2013 are as follows:

Unit : THB million

Name of Interested Person	Aggregated value of all Interested Person Transactions for the year ended 2013 under review (excluding transactions less than SGD 100,000 and transactions conducted under shareholders' mandate)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate (excluding transactions less than SGD 100,000)
Pruksa Rubber Co., Ltd - STA sold field latex to Pruksa Rubber Co., Ltd	3.96	-
Pruksa Rubber Co., Ltd - Nam Hua Rubber purchased field latex and Sadao P.S. Rubber purchased unsmoked sheet rubber from Pruksa Rubber Co., Ltd	121.33	-
Mr Somwang Sincharoenkul – remuneration for engagement as honorary adviser for STA	4.80	-
Guarantees and security provided by the Board of directors of STA and their associates, namely; Mr. Somwang Sincharoenkul Mr. Viyavood Sincharoenkul Mr. Kitichai Sincharoenkul Mr. Prasit Panidkul Mr. Chaiyos Sincharoenkul Mrs. Promsuk Sinchareonkul Mr. Anan Pruksanusak Mr. Somboon Pruksanusak	715.00	-

Save as disclosed in "Related Party Transactions", there were no other material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder which are either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

12.2 Audit Committee's Opinion on Related Party Transactions

The Audit Committee of STA evaluated and expressed its opinion on the above related party transactions that such transactions were carried out reasonably and were necessary to the business operation of STA.

12.3 Measures or Procedures for Approving the Related Party Transactions

In the event that STA or its subsidiaries carries out its business with a party who may have a conflict of interest, whether at present or in the future, or have an interest with STA, the Audit Committee will express its opinion regarding the necessity and the reasonableness of the price of such transaction. The Audit Committee will ensure that the terms and conditions of these transactions are consistent with market practice and the prices charged for these transactions compared with third party or market prices. If the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, STA will arrange an independent expert or the auditor of STA to give an opinion on such transactions. The Board of Directors or Audit Committee or the STA shareholders, as the case may be, will use this opinion from the independent expert as a supplement to form their own conclusion. Those directors who may have an interest in the transaction are prohibited from voting on such transactions. In addition, related party transactions will be disclosed in the notes to the STA's audited or reviewed financial statements.

At present, STA has a pricing policy for its subsidiaries, associates, joint venture entities and related companies as follows:

	Pricing Policy
Sales of products and raw materials	At arm's length as if it was transacted with a third party
Revenues from services – logistic services	At arm's length as if it was transacted with a third party
Revenues from services – management services	At fixed rate pursuant to the contract which is comparable to the market price
Interest income from trade credit	At arm's length as if it was transacted with a third party
Rental income	At a contract price which had been agreed upon and is comparable to the market price
Product purchase	At arm's length as if it was transacted with a third party
Rental and Service Expenses	At arm's length as if it was transacted with a third party
Guarantee	No fee charged
Fixed assets acquisition	At arm's length as if it was transacted with a third party

Furthermore, the Board of Directors Meeting resolved to approve in principle business transactions with general trading conditions or supporting normal business transactions with general trading conditions between STA or its subsidiaries and the Directors, Executive Officers or any related parties.

STA and its subsidiaries may purchase raw materials, sell products, provide transportation services or enter into any other transactions between the Directors, Executive Officers or related parties, whether at present or in the future. In this regard, STA authorizes the management to approve such transactions if the purchase price, selling price, transportation fees or other related transactions is not different from the price offered to other customers (market price) and the conditions and commercial terms are the same as those an ordinary person would agree with any party under similar circumstances. The transportation fee shall be the same as the rate of transportation used by the general public. In respect of the transportation fee, the fee will be according to the normal market rate, but shall not be more

than 10% compared with the fee paid by other trade partners. In addition, STA shall prepare a report on the summary of the transactions every quarter to present to the Board of Directors Meeting or upon the request of the Board of Directors.

12.4 Policy on Future Related Party Transactions

In the event that STA engages in related party transactions in the future, STA will ensure that such transactions are carried out in compliance with the SEC Act, the Securities Law of Singapore, regulations, notifications, orders or rules of the SET and SGX-ST. In addition, STA must also comply with the Thai GAAP on disclosure rules related to related party transactions and other requirements as specified by the Institute of Certified Accountants of Thailand and the Company's policy or other relevant laws.

In addition, when STA enters into related party transactions, STA will seek the Audit Committee's opinion on the reasonableness of such transactions. In the event that the Audit Committee is unable to evaluate related party transactions due to lack of expertise in certain areas, the Committee may for arrange an independent expert, such as auditor or independent appraiser, to give opinion on the transactions. The opinion of the Audit Committee or the independent expert will be used by STA's Board of Directors or shareholders, as the case may be, for making a decision to ensure that these related party transactions are carried out without any conflict of interest and for the best interest of all shareholders.