

7. CAPITAL STRUCTURE

7.1 Shares in STA

As of 12 March 2015, 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 12 March 2015, the Thai NVDR Co., Ltd. held 45,263,973 shares in STA or 3.54% 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 12 March 2015

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 999	1,402	10.11	496,742	0.04
1,000 – 10,000	8,305	59.89	36,739,013	2.87
10,001 – 1,000,000	4,061	29.29	251,606,316	19.66
1,000,001 - 10,000,000	84	0.61	300,840,111	23.50
10,000,001 – less than 5% of paid-up share capital	12	0.09	286,008,888	22.34
More than 5% of paid-up share capital	2	0.01	404,308,930	31.59
Total	13,866	100	1,280,000,000	100

Note: Includes shareholders holding through CDP

Public Float

Based on information available to the Company, approximately 54.41% of the Company's shares are held in the hands of the public as of 12 March 2015.

Top ten largest shareholders of STA according to the book closure date as of 12 March 2015, are as follows:

	Name	No. of Shares	%
1.	STH	270,509,760	21.13
2.	Dr. Viyavood Sincharoenkul	135,590,170	10.59
3.	Mr. Aram Sirisuwat	45,335,800	3.54
4.	Thai NVDR Co., Ltd	45,263,973	3.54
5.	CITIBANK NOMS S'PORE PTE LTD	37,558,250	2.93
6.	Mr. Vitanath Sincharoenkul	22,600,000	1.77
7.	Mr. Veerasith Sinchareonkul	22,441,000	1.75
8.	Mr. Vitchaphol Sincharoenkul	22,000,000	1.72
9.	CITIGROUP GLOBAL MARKETS LIMITED-PB CLIENT-NRBS COLLATERAL	21,726,050	1.70
10.	UOB KAY HIAN PRIVATE LIMITED	18,615,075	1.45
	Total	641,640,078	50.12

Note: Information obtained from TSD and CDP

The top 10 major shareholders of STH are as follows;

Name	As at 12 March 2015	
	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
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 12 March 2015 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	11.29
2. Mr. Vitanath Sincharoenkul	1.77
3. Mr. Veerasith Sinchareonkul	1.75
4. Mr. Vitchaphol Sincharoenkul	1.72

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 million. 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 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 million	Baht 550 million
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

* In 2014, STA has fully repaid the holder of Tranche 1 of the debenture according to the maturity date.

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 million 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 million	Baht 600 million
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 (%)
2014	1,280,000,000	1	0.81	0.40	512,000,000	49.34
2013	1,280,000,000	1	1.42	0.65	832,000,000	45.93
2012	1,280,000,000	1	1.08	0.50	640,000,000	46.41
2011	1,280,000,000	1	1.04	0.50	640,000,000	48.99
2010	1,280,000,000	1	3.85	1.25	1,600,000,000	41.53
2009	200,000,000	5	10.71	3.00	600,000,000	28.01

* 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

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 2014	Number of Shares on 31 December 2014	Increase (decrease) during Year of 2014	Percentage of Shares on 31 December 2014
Mr. Viyavood Sincharoenkul	Chairman and Managing Director	170,075,270	135,590,170	(34,485,100)	10.59
Spouse and minor child		8,850,000	9,000,000	150,000	0.70
Mr. Prasit Panidkul	Vice Chairman and Executives Director	7,815,575	7,815,575	-	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

Name	Position	Number of Shares on 1 January 2014	Number of Shares on 31 December 2014	Increase (decrease) during Year of 2014	Percentage of Shares on 31 December 2014
Mr. Kitichai Sincharoenkul	Director and Executive Director	14,402,000	14,402,000	-	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	27,213,075	118,000	2.13
Mr. Patrawut Panitkul	Director and Executive Director	-	-	-	-
Spouse and minor child		-	-	-	-
Mr. Li Shiqiang	Director	*933,000	933,000	-	0.07
Spouse and minor child		-	-	-	-
Mr. Veerasith Sinchareonkul	Director/ Executive Director and Chairman of Risk Management Committee	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	-	0.0014
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		-	-	-	-

Name	Position	Number of Shares on 1 January 2014	Number of Shares on 31 December 2014	Increase (decrease) during Year of 2014	Percentage of Shares on 31 December 2014
Mr. Arsom Aksornnam Spouse and minor child	Production Manager	- 3,500	- 3,500	- -	- 0.0003
Mr. Chaidej Pruksanusak Spouse and minor child	Quality Assurance Manager	- -	- -	- -	- -
Ms. Lim Li Ping	Controller	150,000	150,000	-	0.01
Mr. Rattapong Laparojkit Spouse and minor child	Engineering Manager	55,500 -	60,500	5,000 -	0.0047
Mr. Phanlert Wangsupradilog Spouse and minor child	Engineering Manager	- -	- -	- -	- -
Mr. Udom Pruksanusak Spouse and minor child	Human Resources Manager	10,000 -	10,000 -	- -	0.0008 -
Ms. Nuchanart Chaiyarat	Human Resources Manager	-	-	-	-

* Data as of 29 April 2014 which was the date Mr. Li Shiqiang was elected as a new member to STA Board of Directors in accordance with the Resolution of the 2014 Annual General Meeting

Note:

- (1) Dr. Viyavood Sincharoenkul is deemed interested in the 9,000,000 shares held by his wife.
- (2) Mr. Chaiyos Sincharoenkul is deemed to be interested in the 4,300,000 shares held by his wife.
- (3) Mr. Kitichai Sincharoenkul is deemed to be interested in the 3,246,500 shares held by his wife.
- (4) Mr. Paul Sumade Lee is deemed to be interested in the 27,213,075 shares held by his wife.
- (5) Mr. Prakob Visitkitjakarn is deemed to be interested in the 17,940 shares held by his wife.
- (6) Mr. Neo Ah Chap is deemed interested in 1,100,000 shares held through Thai NVDR Co., Ltd.

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. 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 2014, the Board of Directors of STA consists of 12 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/ Executive Committee/ Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul**	Director/ Executive Committee/ Risk Management Committee	Executive Director
8. Mr. Li Shiqiang**	Director	Non-Executive Director
9. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director
10. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
11. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
12. Mr. Neo Ah Chap	Independent Director	Non-Executive Director

Note: * The appointments of Mr. Veerasith Sinchareonkul and Mr. Patrawut Panitkul as STA Executive Directors were effective on 12 May 2014.

** Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

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

Authorized Directors of STA

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

Engagement of Mr. Somwang Sincharoenkul as Honorary Adviser

The Board of Directors Meeting No. 3/2014 held on 10 March 2014 resolved to approve the continuance of the engagement of Mr. Somwang Sincharoenkul as the Honorary Adviser of STA for another 2 years. 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 starting from 6 May 2014 to 6 May 2016 is THB 428,000 per month or THB 5,136,000 per year. This transaction is considered as a connected transaction.

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 2014 are as follows:

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Board of Directors of STA		Executive Committee		Audit Committee	
	2014	(%)	2014	(%)	2014	(%)
1. Mr. Viyavood Sincharoenkul	9/9	100	9/9	100	-	-
2. Mr. Prasit Panidkul*	3/9	33.33	2/9	22.22	-	-
3. Mr. Chaiyos Sincharoenkul	8/9	88.89	9/9	100	-	-
4. Mr. Kitichai Sincharoenkul	9/9	100	9/9	100	-	-
5. Mr. Paul Sumade Lee	9/9	100	9/9	100	-	-
6. Mr. Veerasith Sinchareonkul	8/9	88.89	9/9	100	-	-
7. Mr. Mr. Patrawut Panitkul**	6/6	100	9/9	100	-	-
8. Mr. Li Shiqiang**	5/6	83.33	-	-	-	-
9. Mr. Prakob Visitkitjakarn	9/9	100	-	-	8/8	100
10. Mr. Kriang Yanyongdilok	9/9	100	-	-	8/8	100
11. Mr. Samacha Potavorn	9/9	100	-	-	8/8	100
12. Mr. Neo Ah Chap	9/9	100	-	-	-	-

* During 2014, Mr. Prasit Panidkul was unable to attend some Board of Directors meetings due to his health concerns.

** Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

Name	No. of Attendances		No. of Attendances		No. of Attendances	
	Nominating Committee		Remuneration Committee		Risk Management Committee	
	2014	(%)	2014	(%)	2014	(%)
1. Mr. Viyavood Sincharoenkul	-	-	-	-	-	-
2. Mr. Prasit Panidkul	-	-	-	-	-	-
3. Mr. Chaiyos Sincharoenkul	-	-	-	-	-	-
4. Mr. Kitichai Sincharoenkul	2/2	100	-	-	-	-
5. Mr. Paul Sumade Lee	-	-	-	-	-	-
6. Mr. Veerasith Sinchareonkul	-	-	-	-	2/3	66.67
7. Mr. Mr. Patrawut Panitkul	-	-	-	-	2/3	66.67
8. Mr. Li Shiqiang	-	-	-	-	-	-
9. Mr. Prakob Visitkitjakarn	-	-	2/2	100	-	-
10. Mr. Kriang Yanyongdilok	2/2	100	2/2	100	-	-
11. Mr. Samacha Potavorn	2/2	100	2/2	100	-	-
12. Mr. Neo Ah Chap	-	-	-	-	-	-

Note:

- 1) The Board of Director's profile is in the attachment 1.

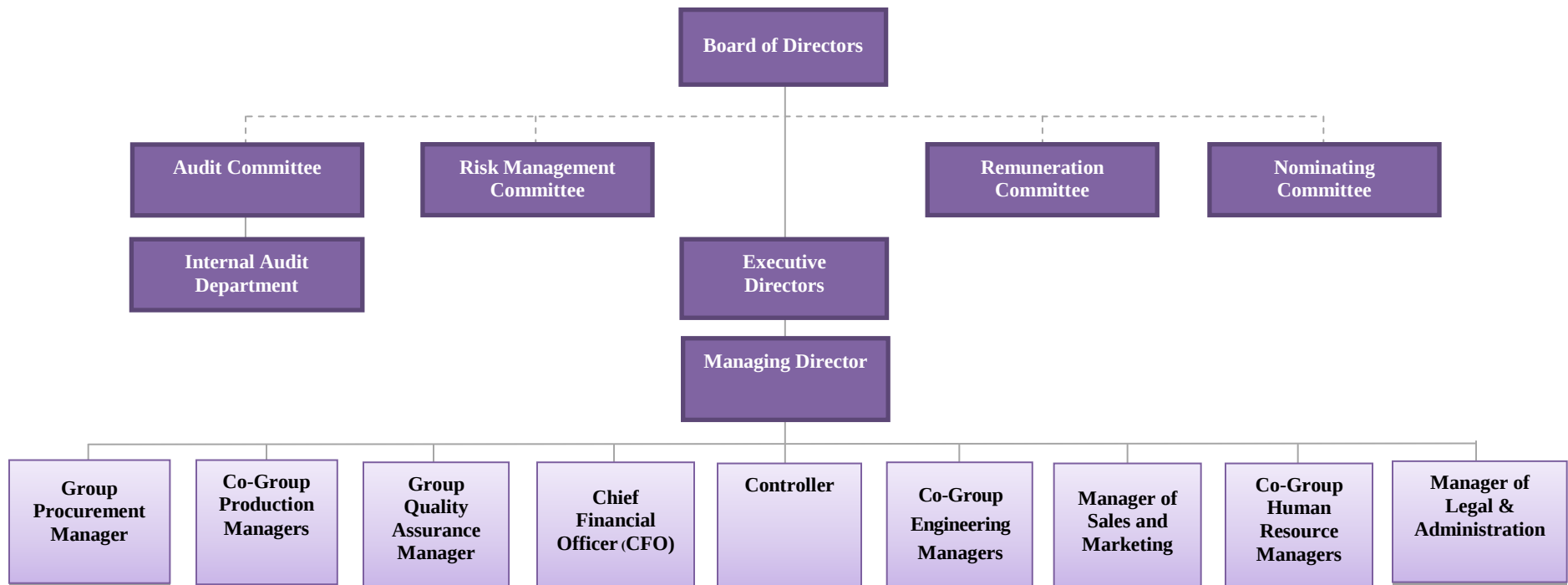
8.2 Executives (pursuant to the definition of “Executive*” in the SEC’s notification no. Gor.Jor. 17/2008 re: Determination of Definitions under Notifications relating to Issuance and Offering of Securities)

As of 31 December 2014, 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. Patrawut Panitkul	Director and Chief Financial Officer
8. Mr. Li Shiqiang	Director
9. Mr. Prakob Visitkitjakarn	Independent Director and Chairman of the Audit Committee
10. Mr. Kriang Yanyongdilok	Independent Director and Member of the Audit Committee
11. Mr. Samacha Potavorn	Independent Director and Member of the Audit Committee
12. Mr. Neo Ah Chap	Independent Director
13. Mrs. Prapai Srisuttiiphong	Group Procurement Manager
14. Mr. Chalernpop Khanjan	Co-Group Production Manager
15. Mr. Arsom Aksornnam	Co-Group Production Manager
16. Mr. Chaidet Pruksanusak	Group Quality Assurance Manager
17. Mr. Rattapong Laparojkit	Co-Group Engineering Manager
18. Mr. Phanlert Wangsuphadilok	Co-Group Engineering Manager
19. Mr. Udom Pruksanusak	Co-Group Human Resource Manager
20. Ms. Nuchanart Chaiyarat	Co-Group Human Resource Manager
21. Ms. Lim Li Ping	Controller

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 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, who had an appropriate qualification, graduated in accounting, passed the company secretary training program and other related training programs, as well as possessed skill, knowledge, understanding in business, laws and other related regulations, as the Company Secretary (the “Company Secretary”) by 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 2014, STA paid the directors’ fees to the Directors in the amount of Baht 6,177,600 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 2014
1. Mr. Viyavood Sincharoenkul	633,600
2. Mr. Prasit Panidkul	475,200
3. Mr. Chaiyos Sincharoenkul	475,200
4. Mr. Kitichai Sincharoenkul	475,200
5. Mr. Paul Sumade Lee	475,200
6. Mr. Veerasith Sinchareonkul	475,200
7. Mr. Mr. Patrawut Panitkul	316,800
8. Mr. Li Shiqiang	316,800
9. Mr. Prakob Visitkitjakarn	792,000
10. Mr. Kriang Yanyongdilok	633,600
11. Mr. Samacha Potavorn	633,600
12. 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

(B) Remuneration of the Directors and Executive Officers

For the fiscal year ended 31 December 2014, STA paid remuneration to the Executive Directors and Executive Officers, totaling 21 persons, in the amount of Baht 252,135,378 of which Baht 31,775,863 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 2014, are as follows:

Name	Amount of Remuneration Paid by STA	Director's Fees (%)	Salary (%)	Bonuses (%)	Total (%)
1. Mr. Viyavood Sincharoenkul	Band Q	0.63	41.77	57.60	100
2. Mr. Prasit Panidkul	Band B	4.57	58.53	36.90	100
3. Mr. Chaiyos Sincharoenkul	Band C	3.79	40.67	55.54	100
4. Mr. Kitichai Sincharoenkul	Band B	3.88	64.82	31.30	100
5. Mr. Paul Sumade Lee	Band H	0.97	22.52	76.51	100
6. Mr. Veerasith Sinchareonkul	Band A	16.53	62.60	20.87	100
7. Mr. Patrawut Panitkul	Band A	7.94	31.44	60.62	100
8. Mr. Li Shiqiang	Band C	2.40	51.71	45.89	100
9. Mr. Prakob Visitkitjakarn	Band A	100	-	-	100
10. Mr. Kriang Yanyongdilok	Band A	100	-	-	100
11. Mr. Samacha Potavorn	Band A	100	-	-	100
12. Mr. Neo Ah Chap	Band A	100	-	-	100
Top five Executive Officers					
1. Mrs. Prapai Srisuttiiphong	Band B	-	32.43	67.57	100
2. Mr. Rattapong Laparojkit	Band A	-	55.99	44.01	100
3. Ms. Lim Li Ping	Band B	-	78.55	21.45	100
4. Mr. ChalermPOP Khanjan	Band A	-	70.51	29.49	100
5. Mr. Udom Pruksanusak	Band A	-	69.69	30.31	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.

Remuneration bands are based on the average (Baht: SGD) foreign exchange rates for the stipulated year, being SGD 1 to Baht 25.7666.

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	21	2,569,788

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 2012, 31 December 2013 and 31 December 2014, the Company had 6,205 employees, 7,285 employees and 7,239 employees, respectively, which can be divided into the following activities:

Activity	As of 31 December		
	2012	2013	2014
Procurement	639	647	659
Production	4,044	4,916	4,693
Quality assurance	514	506	491
Finance and accounting	177	175	183
Engineering	406	652	784
Sales and marketing	66	82	105
Human resource	335	291	308
Company secretarial, legal and administrative	24	16	16
Total	6,205	7,285	7,239

The breakdown of our employees by geographical location as of 31 December 2012, 31 December 2013 and 31 December 2014 is as follows:

Geographical location	As of 31 December		
	2012	2013	2014
Thailand	5,237	5,687	5,835
Indonesia	916	1,543	1,346
Singapore	22	20	20
USA	13	12	12
PRC	17	23	23
Vietname	-	-	3
Total	6,205	7,285	7,239

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 subsidiary in Indonesia.

Major labour disputes during the last three years

The cooperative agreement among Thailand, Indonesia, and Malaysia in August 2012 for the export quota of natural rubber at 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 2014, the Company had expenses for salary and bonus and others employee benefit in an amount of Baht 729 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 for skill 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@srtranggroup.com) or the Investor Relations Office (e-mail: ir@srtranggroup.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. STA. In this regard, STA realises its responsibilities towards the above-mentioned stakeholders. STA 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 2014, the Board of Directors has reviewed and established the anti-corruption policy to prevent any type of corruptions in the business and disclosed 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.

The Company has established the employee provident fund of which permanent employees are entitled to apply for with options 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 the termination of their employment except for cases where the terminations are not eligible to the compensations.

Safety information of employees in 2014

Details of work accident statistics in 2014 are as follows:

	Accident Statistics (Times)	Percentage*
No lost time accidents	56	0.86
Less than 3 days of lost time accidents	50	0.77
More than 3 days of lost time accidents	79	1.22
Dismemberment for body parts	7	0.11
Disabled	0	0
Death	1	0.02

Note*: Computed based on the number of the Company's weighted average employee for the year 2014 at 6,476.

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 12 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 2014, the list of directors who joined the training programs is as followed:

- Mr. Veerasith Sinchareonkul joined FSD26/2014 Financial Statements for Directors
- Mr. Patrawut Panitkul joined DCP195/2014 Director Certification Program

(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 an excellent performance with an average score of 91.63% which improved from 2013.

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 90.44%.

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 FY2014 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.

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 (2012 – 2014)	
	Name of Company	Position	Name of Company	Position
1. Mr. Prakob Visitkitjakarn	ARIP PLC	Independent Director and Chairman of the Audit Committee	ARIP PLC	Independent Director and Chairman of the Audit Committee
	Lease It PLC	Independent Director and Audit Committee	Lease It Co., Ltd.	Director
	-	-	Siam City Cement PLC	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. Prokob 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 2014 is as follows:

Name	Relationship	Remuneration Band⁽¹⁾
1. Mrs. Promsuk Sincharoenkul	Spouse of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band IV
2. Mr. Vitchaphol Sincharoenkul	Son of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band I
3. Mr. Vitanath Sincharoenkul	Son of Dr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company	Band I
4. Mr. Lee Tristan Chee-Zen	Son of Mr. Lee Paul Sumade, Executive Director	Band I

Note: (1) Remuneration Band

Band I means remuneration between SGD50,001 and SGD100,000

Band II means remuneration between SGD100,001 and SGD150,000

Band III means remuneration between SGD150,001 and SGD200,000

Band IV means remuneration between SGD200,001 and SGD250,000

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 various currencies. 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. Prokob 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 2014, 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 2014, the Board of Directors of STA consists of 12 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/ Executive Committee/ Chairman of the Risk Management Committee	Executive Director
7. Mr. Patrawut Panitkul***	Director/ Executive Committee / Risk Management Committee	Executive Director
8. Mr. Li Shiqiang**	Director	Non-Executive Director
9. Mr. Prakob Visitkitjakarn	Lead Independent Director/ Chairman of the Audit Committee/ Chairman of the Remuneration Committee	Non-Executive Director

Name	Position	Remarks
10. Mr. Kriang Yanyongdilok	Independent Director/ Audit Committee member/ Chairman of the Nominating Committee/ Remuneration Committee member	Non-Executive Director
11. Mr. Samacha Potavorn	Independent Director/ Audit Committee member/ Nominating Committee member/ Remuneration Committee member	Non-Executive Director
12. 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 appointments of Mr. Veerasith Sincharoenkul and Mr. Patrawut Panitkul as STA Executive Directors were effective on 12 May 2014.

**.: Mr. Patrawut Panitkul and Mr. Li Shiqiang were elected as new members to STA Board of Directors in accordance with the resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

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 twelve Directors, four of whom are Independent Directors. The Company has seven 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 2014, the list of Executives of STA is as follows:

Name	Position
1. Mr. Viyavood Sincharoenkul	Chairman of Executive Director
2. Mr. Prasit Panidkul	Executive Director
3. Mr. Chaiyos Sincharoenkul	Executive Director
4. Mr. Kitichai Sincharoenkul	Executive Director
5. Mr. Paul Sumade Lee	Executive Director
6. Mr. Veerasith Sinchareonkul*	Executive Director
7. Mr. Patrawut Panitkul**	Executive Director

Note *: The appointments of Mr. Veerasith Sincharoenkul and Mr. Patrawut Panitkul as STA Executive Directors were effective on 12 May 2014.

** : Mr. Patrawut Panitkul was elected as new members to STA Board of Directors in accordance with the Resolution of the 2014 Annual General Meeting of Shareholders on 29 April 2014.

Scope of Duties and Responsibilities of the Executive Committee

1. 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.
2. To appoint STA's management to efficiently and transparently manage STA's businesses.
3. 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.
4. 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 2014, 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 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 2014, 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 2014, 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 2014, 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. 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 and the SET, as the case may be, including the applicable penalty in the case of breach according to the SEC Act and the regulations of the SET.
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.
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 2014 of STA and its subsidiaries was Baht 7,854,000 which consisted of audit fee of stand-alone financial statements in amount of Baht 6,065,000 and audit fee of STA's subsidiaries in amount of Baht 1,789,000.

9.6.2 Non-Audit Fee

Non-audit fee for the year 2014 of STA and its subsidiaries of Baht 2,221,500 was for BOI audit, consulting services on accounting principles and staff training of which has already been paid in full.

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 (“CSR”)**10.1 The Policy of Corporate Social Responsibility**

Sri Trang Group has committed to processing and exporting Natural Rubber products, we are dedicated to conduct business with good practices of corporate governance and Corporate Social Responsibility (CSR) and become a leader in global rubber industry. Moving 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 NR industry. We value our way of conducting business in parallel with creating activities for communities and societies, maintaining our environmentally -friendly production, establishing a fair trade standards to gain trusts and acceptance from rubber farmers and customers, considering the impact on every aspect of business operations to all stakeholders including shareholders, employees, customers, suppliers, communities, and government agencies, as well as nurturing the socially-responsible mindset and organizational culture, which encourage our employees to actively participate in CSR activities.

The Board of Directors of Sri Trang has put CSR Policy and Guideline as our core mission and established 5 foundation principles of “GREEN” Natural Rubber which encompass our CSR Policy and Guideline;

1. Good Corporate Governance

The Company has been dedicated to good corporate governance practices focusing on the pertinent structure of the Board of Directors, management, and shareholders to create a competitive advantage with consideration to other stakeholders, society and community as a whole, which will build growth and create value to shareholders in the long run.

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. It is our top priority to ensure our rubber products are of the highest quality and cater the delicate requirements of the downstream products such as medical examination gloves or automotive tires, which demand for the highest level of safety for the end-users. Thus, our responsibilities through supply chain management cover;

- 2.1 Rubber Farmers and Rubber Dealers : The Company strived for fair, transparent, accountable and auditable procurement of NR which is the main raw materials for our production. We have actively supported rubber farmers to produce high quality of rubber without contamination and to properly store the rubber so that the quality of raw materials will meet our standards. Moreover, we have provided rubber farmers with knowledge to properly operate rubber plantations in order to increase the yield which will, in return, increase their revenues as well as sustainable quality of lives.
- 2.2 Customers : The Company has been committed to producing high quality products and providing good services to achieve the highest satisfaction from our customers. We sincerely handle complaints from customers and promptly improve our productions and/or services to ensure customer satisfaction and also to create the highest production effectiveness and efficiency.

3. Environmental Friendly and Safety Operation

As our business is directly related to the nature and environment, we strictly adhere to be compliance with environmental practices by implementing the effective environmental management systems. We have also set up procedures to prevent and minimise the environmental impacts caused by different activities from our Group and in compliance with relevant laws and regulations. Furthermore, we aim to develop and promote more green areas in our factories to retain moisture, increase fresh air, and reduce unfavorable odors from production process. In addition, we have reduced the use of chemicals, which might affect the environment and communities in the long run in rubber plantation and the

production of NR products as well as our finished products. In addition to our environmental-friendly production and being aware that we are a part of the community, we have followed the practice guidelines to preserve and maintain the ecological environment and clean surrounding communities which will not only create pleasant community but also support the smoothness of our business operation in the long term.

In terms of health & safety, our Group has fully complied with laws, regulations and other relevant requirements. We have provided training, set up adequate and effective health & safety procedures in our workplaces, and created 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 processes of our business operation. We strongly adhere to operating business with fairness and ethics, complying with laws and respecting the rules of society. This would ultimately build the confidence of all stakeholders and reduce any potential conflict of interests which will benefit business operation of the Company in the long run. We have also encouraged all 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 the business operation. We also have a policy to prevent any kind of corruptions by establishing standards of transparent business operation which will benefit the organisation and rubber industry in the long run.

5. Nurture Sustainability Attitudes Towards Organization

The Company believes that effective and sustainable CSR practices are rooted from the awareness of every employee in any departments. They need to have positive attitudes to follow the policies and have mindset of being responsible to society and other related parties. Our people also volunteer to participate in the community development and the improvement of quality of life of our business partners. Moreover, they have cooperated to change their working behaviors and daily lifestyle in line with environmental protection guidelines, energy reduction program and enhancement of the operational effectiveness. We have promoted and supported employees to devote themselves for social activities, for example, to volunteer and participate in any activities for better community, alleviate natural disaster victims with ultimate hope to sustainably create a benevolent and careful society.

10.2 Performance and Reporting

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

10.2.2 Corporate Social Responsibility Performance : The Company has employed various approaches to carry out and evaluate our CSR activities including questionnaires, conferences, seminars, open house events, and visits to business partners, communities and suppliers as well as taking complaints and suggestions from our customers to improve the Company's CSR operation and framework as outlined below:

10.2.2.1 Fair Trading

Responsibility to Business Partners and Competitors

The Company believes that honorable and fair business management would create confidence from stakeholders including, governmental agencies, shareholders, business partners, competitors, suppliers, customers and competitors. The Company has strictly upheld business ethics with full concerns of any business partners and competitors, so as to make sure that none of our activity would be harmful to the reputations of any parties in the industry.

When dealing with raw material suppliers, the Company has abided by regulations for a fair and transparent business practices with suppliers or rubber farmers. Under our free trading

system, anyone can apply for our supplier codes in accordance with the standards of operations specifying in the Company's agreement. The selection and evaluation processes are transparent and auditable.

Purchasing prices for raw materials are based on SICOM market, which are the global reference prices and the marketplace for RSS and TSR trading around the world.

In 2014, the Company continued to transparently participate in and abide by the governing regulations of various regional rubber auction markets, which are overseen by Rubber Research Institute of Thailand. List of the rubber auction markets which the Company participated in includes:

1. Songkhla Central Rubber Market
2. Nakhon Sri Thammarat Central Rubber Market
3. Surat Thani Central Rubber Market
4. Other markets through telephone calls: Thong Pa Phum Cooperatives, Karnchanaburi province and Pa Klook Farmers Group of Phuket province

The Company also signed an agreement with cooperatives in Bungkan, Mukdahan and Nakhorn Panom to purchase the raw materials directly from the cooperatives to support the rubber farmer communities.

The Company believes that by providing knowledge and knowhow for suppliers and rubber farmers on how to efficiently carry out rubber farming, it would create sustainable income and good quality of life for the people in the industry. The procurement teams then have visited suppliers and rubber farmers on a regular basis to educate the farmers on qualified rubber plantation, quality enhancement and to inquire them about their satisfaction towards the Company.

In addition, the Company has contributed to the continuous development of the country's rubber industry with focus on rubber farmers who are the crucial part in driving the Natural Rubber Products to market. The Company has entered into an agreement with the Office of the Rubber Replanting Aid Fund (ORRAF) in creating a special programme to train rubber tappers in the Northeastern region of Thailand called "Rubber Tapper Skill Development Project" with an aim to educate the farmers with the proper approaches in tapping rubber trees. The training also provided the rubber farmers with the knowledge on environmental caring and how to look after the rubber plantation to nurture the best quality of product to maximise the useful life of rubber plantation. The Company's goal is to building and improving rubber farmers' knowledge in every places we go in, which will be translated into their better living qualities.

The Company has continued its CSR program with Baht 300,000 budget in 2014 to hold training sections in Phitsanulok, Nakhorn Panom, Prachinburi and Chiang Rai with 150 rubber farmers participated in the program. The training aimed to provide the knowledge in producing good quality raw materials meeting with the Company's standard and environmental awareness such as choices of additives for cup lump, or the proper installation of latex tank and tube for field latex transportation to reduce the smell and increase road safety.

Purchasing

The Company's central purchasing unit has set up purchasing and procurement policies to be in line with social responsibility. This unit has been carrying out its operations in accordance with the Company's purchasing and procurement policies, as well as business ethics concerning the relationships between business partners, competitors, and trade creditors, so as to promote new suppliers and prevent unfair business competitions, monopolisation in the industry. In case of irregularities, the investigation will be thoroughly carried out to find out

the root causes. If fraud or corruption occurs, there will be a disciplinary punishment and blacklist system to handle such business partners or suppliers.

10.2.2.2 Anti-Corruption Policies

The Company has emphasised our strong focus on our anti-corruption stand in the Company's CSR policies under Fair Trading: Responsibility to Business Partners and Competitors. In 2014, the Board of Directors has reviewed and established the anti-corruption policy to prevent any type of corruptions in the business and disclosed in the Company's website (www.sritranggroup.com) as well as communicated the policy to the employees at all level.

10.2.2.3 Human Rights and Employee Rights

The Company value the importance of human rights and equality in the workplace and has been treating all employees justly and equally without discriminations under a set of morale and ethics as described below:

- Welcome all idea and suggestion from the employees at all level.
- Focus on people development, build good working environment, encourage teamwork, and provide career progression opportunity with attractive remunerations.
- Establish a clear complaint handling system for employees
- Support anti-child labour and anti-forced labour policies
- Support employees' right to form an association to voice the employees' opinions provided that such association is in compliance with the jurisdictions of the laws, regulations, and the Company's regulations.
- Adheres to democracy and encourages all employees to exercise their voting rights in accordance with the national Constitution

The Company realised that employees are the most vital resources in propelling the Company forward. Therefore, apart from the compensation as required by laws such as social security fund, every employee is entitled to receive benefits and welfares in forms of salary and OTs, while hard shifters are also provided with extra pay. All employees are also entitled to summer vacation pay, annual bonuses, and welfares for their quality of lives, such as, uniforms, housing welfare, travelling allowances, health and safety insurances, provident fund, pensions, disaster relieve fund, taking leave to pursue higher study, as well as trainings for career development, recreation activities, including, sports day and New Year's party.

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

The Company has an evaluation committee to review employees' performances. The Company has also used the standard Key Performance Index (KPI) system to evaluate each employee for rewards and bonuses in order to provide a fair career advancement opportunity to the employees.

For in-house activities, the Company has adopted the Happy Workplace principles to build the happy working environment. The activities in 2014 included:

- In-house sport days at each branch
- Sri Trang Cup sports day of the company in lower southern Thailand
- Andaman Zone Cup sports day of the company in upper southern Thailand
- Annual merit making ceremony
- Team Work and Team Building trainings

- Big cleaning day activities
- Participation in each province's Labour Day activities
- Blood donation

10.2.2.4 Clients, Customers and Consumers Responsibility

The Sales and Marketing department 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, at the right prices. This department has also provided complete and correct information about any single product, delivered the products on schedule, provided product guarantees, as well as provided communication channels to customers for any complaints about products and services. Moreover, we have kept customers' information private and secured. We have also organised factory visit for customers to make sure that they have full understanding about our operations and products, while also established an evaluation system for customers to provide their feedbacks for our instant response.

10.2.2.5 Environmental Concern

The Company realises that to have a sustainable business operation, we must sincerely contribute and participate in environmental and social activities. As such, the Company not only focus on producing high quality Natural Rubber Products, but also the products that are environmental-friendly, and the production process that consumes less natural resources through energy efficiency management. The Company also put high attention on minimising the potential impact from our operation to the environment and communities. In 2014 the Company was involved in the following campaigns:

- Anvar Parawood earned the carbon footprint label from the Thailand Greenhouse Gas Management Organisation (Public Organisation) for its wooden pallet used as TSR containers, and was certified as Level 2 Green Industry by Ministry of Industry
- STA, Udonthani and Ubon Rachathani branches were recognised as the organisations that follow the Environmental Governance principles of Ministry of Industry
- STA, Ubon Rachathani branch was certified as Level 2 Green Industry by Ministry of Industry by adopting the Environmental Governance principles of Ministry of Industry
- STA Udonthani branch has complied with all requirement under Ministry of Industry's project to strengthen the potential of factories in environmental management and sustainable social responsibility and was certified as Level 3 Green Industry

10.2.2.6 Innovation Performance

The Company continued to publicise and our innovation in 2014 in the areas below:

Unused Materials

Factories in other provinces, such as Ubon Rachathani, Bungkan and Trang, have adopted the model laid out by STA, Udon Thani branch, to use SBR Palate to create shoe shelves, book shelves for usage within the factories and to be donated to schools in need.

Promotion of the Correct Way to Transport Cup Lump

Incorrect way to transport the cup lump could result in the leak of remaining latex onto the road surface and the unfavourable odor. The Company has set out letters to notify our

suppliers of our concern, and handed out leaflet to promote the proper coverage of the vehicle to reduce the odor level and the installation of a gutter and the tank to contain such leaking latex during the transportation. Moreover, the Company also coordinated with provincial industrial authorities and related parties to extend the practice to other TSR manufacturers as well.

The Company has continuously carried out this campaign especially on the first purchasing days of new factories when awards would be given to the suppliers with proper installation of the gutter and the barrel to promote their awareness of social responsibility and road safety.

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 addition to managing the pollution level in our factor areas in accordance to legal requirement, the Company has engaged in the following activities to support our “Green Rubber Company” principles in 2014:

- Sri Trang Agro-Industry, Ubon Ratchathani branch planted trees to increase green areas in the factory.
- Rubberland Products, Buriram branch cooperated with Subdistrict Administrative Organization of Kog Ma in planting trees on National Mother Day 2014.
- SSC contributed to the building of Check Dam in Ton Lung community and released giant fresh water prawns as part of the reservation project for Klong U-Tapao.
- Sri Trang Agro-Industry, Kanchanadit branch cooperated with local students to plant and restore mangrove forests.

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

- “From Our Hearts to Your Better Tomorrow” Project
 - o Rubberland Products, Bung Karn branch’s staffs and local neighbors restored and fixed Tung Sawang Samakkee nursery’s fence and gate by using our unused materials for children’s safety.
 - o Sri Trang Agro-Industry, Hat Yai branch created wooden trays for mushroom, cultivation repainted the school buildings and provided learning tools to students at Muang Kong school by using unused materials from the factory.
 - o Sri Trang Agro-Industry, Tung Song donated necessary utensils and arranged activities with community’s autistic development center

- Community clean-up: Sri Trang Agro-Industry, Udon Thani, Kanchanadit branches and Num Hua Rubber cleaned up roads, temples, schools, recreation areas in the communities. Not only building up harmonization among our staffs but also creating positive perceptions of the communities towards our factories.
- “Bring Knowledge to Community” Project
 - o Sri Trang Agro-Industry, Tung Song branch arranged seminars in regard of using dredges from cup lump cleaning process as fertiliser for agricultural purposes.
 - o Sri Trang Agro-Industry, Udon Thani branch cooperated with Land Development Department to test the dredges from cup lump cleaning process from Nakam Subdistrict. The demonstrated farm showed the positive results evidenced by satisfied growth rate of rice and the reduction in use of organic fertilisers.
 - o Sri Trang Agro-Industry, Hat Yai branch provided knowledge of planting mushroom for lunch at Muang Kong school.
- Rubberland Products, Mukdaharn branch repaired and developed the tap water system for the villagers.
- Sri Trang Agro-Industry, Tung Song branch cooperated with Tum Yai Subdistrict Office to construct bus stop in front of the factory for public use.
- Organised and arranged activities in all communities on Children day and New Year Celebrations.
- Sri Trang Agro-Industry, Pattani branch donated cash and drinking water to Ban Kao Tum mosque, Yarang, Pattani.
- Sri Trang Rubber and Plantation, Sakon Nakorn and Sri Trang Agro-Industry, Hat Yai branch arranged rubber planting training courses for students at Dan Chu Tid Wittaya Police school, Nakorn Panom.
- Rubberland Products shared the water in factory’s pond to neighboring villagers for their agriculture in draught season.

Full report of Corporate Social Responsibility 2014 can be downloaded from www.sritranggroup.com under sustainability section.

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 is the role and shared responsibilities of all our staff members ranking from the Executive Committee to each employee. The Company 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. The Company 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 internationally standardised 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 three 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 2014, 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 continuously reviewing the performance of the Internal Audit Department and the independent auditor. The Audit Committee emphasises on 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 monitors 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 Company's goals throughout the organisation. Such control is continuously closely monitored.

Risk Management: The Board of Directors gives precedence to risk management system and its effectiveness. Therefore, in 2013, the Board of Directors of STA 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 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 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 rubber processing facility, 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. 1/2015, on 27 February 2015, 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 the Company 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 emphasised 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, 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. 1/2015, on 26 February 2015, 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 material related party transactions 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 2013 and 31 December 2014 are as follows:

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	ความเห็นของคณะกรรมการตรวจสอบ
			Consolidated Jan-Dec 2013	Consolidated Jan-Dec 2014		
1. Prukso Rubber Co., Ltd.	The Executives officer of STA, Mr. Udom Pruksanusak and siblings, hold more than 50% of the shares in Prukso Rubber Co., Ltd. Mr. Udom Pruksanusak is the authorized signatory of Prukso Rubber Co., Ltd.	1.1 STA • Sales of field latex	3.96	2.74	STA sold field latex to Prukso Rubber Co., Ltd. because STA did not have in-house logistic service team, and Prukso Rubber Co., Ltd. purchased the field latex right at STA's rubber plantation. This provided administrative, distribution and labor cost savings to STA. The selling price of field latex was the price set by STA procurement team on a daily basis.	Since STA's total plantation areas ready for tapping was still small, it is an appropriate afford to control STA logistic and administrative costs by selling field latex to Prukso Rubber Co., Ltd. at the reasonable price set by STA procurement team.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	ความเห็นของคณะกรรมการตรวจสอบ
			Consolidated Jan-Dec 2013	Consolidated Jan-Dec 2014		
		1.2 Nam Hua Rubber • Purchase of field latex	114.27	75.48	Nam Hua Rubber purchased field latex from Pruksa Rubber Co., Ltd. because the rubber plantations of Pruksa Rubber Co., Ltd. were located close to the factory and the purchasing center of Nam Hua Rubber. Moreover, Pruksa Rubber Co., Ltd. was capable to supply 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 suppliers 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.
		1.3 Sadao P.S. Rubber • Purchase of unsmoked sheet rubber	7.06	4.04	Sadao P.S. Rubber purchased unsmoked sheet rubber from Pruksa Rubber Co.,Ltd., a dealer who bought unsmoked sheet rubber from the farmers and resold to factories located in the Sadao District which was close to Sadao P.S. factory. Moreover, Pruksa Rubber was capable to supply unsmoked sheet rubber of the quality and quantity as required by Sadao P.S. Rubber. The purchase price of unsmoked sheet rubber was the price that the Group made an announcement to general suppliers in front of its factory.	Sadao P.S. Rubber required unsmoked sheet rubber as the raw material for the production of ribbed smoked sheet (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 (Million Baht)		Necessity / Reasonableness of the Transaction	ความเห็นของคณะกรรมการตรวจสอบ
			Consolidated Jan-Dec 2013	Consolidated Jan-Dec 2014		
		1.4 Startex Rubber Sales of field latex	1.26	0.77	Startex Rubber sold field latex to Prukso Rubber Co., Ltd. The selling price was based on the general market price.	The selling price that Startex Rubber sold field latex to Prukso Rubber Co., Ltd. was based on the general market price similar to other customers.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	ความเห็นของคณะกรรมการตรวจสอบ
			Consolidated Jan-Dec 2013	Consolidated Jan-Dec 2014		
2. Mr. Somwang Sincharoenkul	Father of: • Mr. Viyavood Sincharoenkul, Chairman and Managing Director of the Company • Mr. Kitichai Sincharoenkul, Director of the Company; and • Mr. Paul Sumade Lee, Director of the Company	Honorary Adviser	4.80	5.02	Mr. Somwang Sincharoenkul has engaged as Honorary Adviser for the Company and advised the Company on goal & vision, business plans, investment plans, operational policy, raw material supply strategies, procurement, and engagement strategy with communities, local authorities and government agencies. The remuneration was Baht 428,000 per month or Baht 5,136,000 per year for 2 years period starting from May 2014 to May 2016.	There was no comparable basis available in the market for such invaluable advice Mr. Somwang Sincharoenkul provided for the Company. Nevertheless, the remuneration was considered appropriate considering the extensive experience, expertise and time Mr. Somwang Sincharoenkul has contributed to the Company as the Honorary Adviser.

Related Parties	Relationship	Type of Transaction	Value of Transaction (Million Baht)		Necessity / Reasonableness of the Transaction	ความเห็นของคณะกรรมการตรวจสอบ
			Consolidated Jan-Dec 2013	Consolidated Jan-Dec 2014		
3. The Board of Director of STA and subsidiaries consists of: • Mr. Viyavood Sincharoenkul • Mr. Kitichai Sincharoenkul • Mr. Prasit Panichkul • Mr. Chiyos Sincharoenkul	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	1,235.00	Directors of STA and its subsidiaries provided personal guarantees for the loans extended to STA and its subsidiaries by financial institutions as part of loans' requirements.	Such support complied with the requirements set out in the sponsor support agreement and was made for the benefit of STA and its subsidiaries. The directors acting as guarantors did not charge any fee for providing the personal guarantee.

Apart from what were 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. 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. 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.