

Corporate Social Responsibility Report 2013

Sri Trang Agro-Industry Public Company Limited











Contents

About the Report	2
Message from the Chairman	3
Getting to Know Sri Trang	6
Vision, Core value, Mission	12
Code of Business Conducts	14
The Policy of Corporate Social Responsibility	16
The Green Rubber Company	19
Good Corporate Governance	20
Business Overview and Economic Performance	21
Corporate Social Responsibility Performance	
Business Practices with Partners and Competitors	24
Partnership Development and Purchasing	25
Responsibilities to Customers and Consumers	26
Communications, Human Rights and Employee Benefits	27
Employee's Statistics	28
Employee Evaluations and Trainings	29
Internal Communication Channels for Employees	30
Health and Safety	32
Dealing with Stakeholders	33
Environmental Performance	
Environmental Management	34
Water Pollution Management	35
Air Pollution Management	36
Waste Management	37
Energy Sufficiency and Renewable Energy	38
Environmental Projects	40
Climate Change	42
Community and Social Development	
Community Developments	43
Past Supports of Social Developments	46
Social Innovations	48
Awards	50



>>The Green Rubber Company>>

About the Report

This is the first report that Sri Trang Ago-Industry Public Company Limited (the "Company") has published in order to provide better understanding of the Company's sustainable business practices to the Company's shareholders, stakeholders, public, relevant private and public sectors. It is the commitment of the Company to carry out business contingently with social responsibility. This report, therefore, gathers all of the works and projects of the Company which have been implemented in line with the policies concerning social responsibility. These include good corporate governance, commitments toward clients and suppliers, health & safety management, environmental management, employees' development as

well as participation in activities to develop communities and societies since 2011. All of which have been integrated into the Company's management protocols, so as to push forwards for the common goals of the Company for most efficient results.

The scope of this report covers every business operation of the Company in general, except for the environmental information, where the Company has only presented data from the natural rubber unit based in Thailand. The Company also provides the report on its website at www.sritranggroup.com.



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Message from the Chairman

The idea of sustainable development nowadays lies within the depth of every organisation, and is also considered a vital strategy to drive growth of any business. With our continual expansion plan and strategy to increase market share over the past five years, we have successfully penetrated into new locations such as the Northeastern part of Thailand. Moreover, not only has the Company been playing a significant role in driving the national economy forwards through exports, the Company has also been assisting in building a healthier domestic economy through job creations and creating strong and efficient communities. At the same time, the Company has valued the importance of Green Industry and has been adapting and developing its production systems to be more environmentally friendly, while also reducing the use of the world's natural resources. The Company has, additionally, been giving extra attention to climate change as well as building good attitudes towards the industrial sector.

The Company has been carrying out its businesses under the good corporate governance framework, so as to ensure that its business go hand-in-hand with social responsibility. The Company has always thrived to develop the organisation to its fullest potential in every aspect of economic, social and environment, all of which have led to sustainable business in long-term.

Therefore, the Company has set up a new unit responsible for social responsibility activities under the department of business development and investors relations since 2013. Additionally, the Company also set up a committee to oversee such activities and arrange regular meetings and conferences with relevant departments within the organisation for further ideas and suggestions. This is to ensure that the plans and guidelines on social responsibility will coincide with the Company's policy as a whole, which covers interests of all stakeholders. In the meantime, the Company has equally extended social responsibility practices throughout its entire supply chain, from upstream to downstream, which is a key for a long-term sustainable development.

The Company has established a framework for the every step of the Company's operation, known as the

3

"Green Rubber Company" principle, which focuses in four key areas as follow:

- Green Company or an organisation which carries out its businesses with justice and transparency that could be fully inspected. The Company also commits to integrity that has created a sustainable growth and provided good returns to shareholders. The Company has abided by the Code of Good Corporate Governance for Listed Companies 2006 as well as the Code of Corporate Governance 2012 for its roles and responsibilities, which cover anti-corruption, human rights and just treatments towards its employees. Furthermore, the Company has encouraged and supported all employees to work with honesty, moralities and business ethics which consciously prevented them from seeking personal interests that could conflict with the Company's. Besides, the Company has been engaging their employees with activities that develop communities and the society as a whole.
- 2. Green Supply or the supply and purchasing processes that are fair and transparent. These include the process of procuring clean raw materials, fair purchasing policies that promote equality between all business partners in all levels, starting from the raw materials suppliers, contractors and subcontractors. The Company also promoted social responsibility attitudes and practices between business partners, particularly with raw material suppliers. On top of the just and standardised supply and purchasing processes, the Company also pays special visits to raw material suppliers to survey their satisfactions for the good relationship with the Company as well as to provide knowledge to produce and maintain



high quality of raw materials and to urge for the reduce of environmental impacts from rubber businesses

3. Green Factory or a factory that creates minimal effects on the environment and surrounding communities. Such methods include, providing highly efficient environmental management system, abide by the laws and regulations on environmental controls, improve operation processes to reduce the use of natural resources and energy, replace the use of LPG with biomass, set up an effective waste management system, rely more on the 3Rs of Reduce, Reuse, Recycle, while bearing in mind the continuous climate change as well as shaping up the environment and increasing green areas around the factories.

For the surrounding communities, the Company has organised proactive activities to create stronger relationships between the Company and communities as well as providing the communities with sustainable developments on the concept that the Company and communities must grow contingently.

4. Green Rubber Product or the production of high quality and environmentally friendly. Such process begins from the upstream business, where rubber trees are planted free of chemicals and pesticides, rubber products that meet customers' satisfactions under the Company's standards to be raw materials for the tire industry of which ultimately to be provided for the best safety for the end-users in downstream business including high quality medical rubber gloves to meet international standards.

Under the framework that integrates social responsibility in four aspects as stated above, the Company has outlined the following activities:

1. In-house activities or activities set up for employees to give moral supports and spirit to employees, along with creating unity among one another. The Company also uplifted the creation of good attitude towards volunteering through Happy Workplace activities, which include, in-house sports days in factory, sports day between factories, annual alms giving, making merits at 9 temples, big cleaning

day, children's day and work trips, all of which would promote loves, unity and bonding among employees, which will lead to a common goal of the Company.

2. Communities and Society The Company gives 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.

For community developments, the Company has been encouraging its employees to take part in community activities, which included the repairing and restoring of public utilities in the communities such as schools and monasteries. The Company also provides more jobs to nearby communities so as to create stronger and more sustainable communities with good environment. The Company, moreover, focused on building good relations between surrounding communities for a peaceful and happy societies.

Environmental Concerns In order to support the "Green Rubber Company" principle, the Company has valued the importance of having good environment in the factories through regular pollution control inspections to make sure that the pollution rates are under and complied with the laws, setting up an environmental management system that operates continuously as well as participated in green projects such as the Industry Ministry's Green Industry project, the Carbon Footprint project organised by The Industrial Environment Institute, The Federation of Thai Industries and Thailand Greenhouse Gas Management Organization (Public Organization), the Green Factory contest and Inventions from Recycled Materials contest. The Company also pays extra attention to the expanding of green areas in the factories and joined in activities to plant more trees, conserve the marine species and any other activities organised by the social responsibility networks.



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

The Company believes that the growth of its business that goes hand-in-hand with social responsibility and balances out between the economic, social and environmental aspects equally, forged by the cooperation of every employees and all relevant parties, would supply the Company with strength to compete within the international arena for long-term success.

Yours Faithfully,

(Dr. Viyavood Sincharoenkul)

Chairman



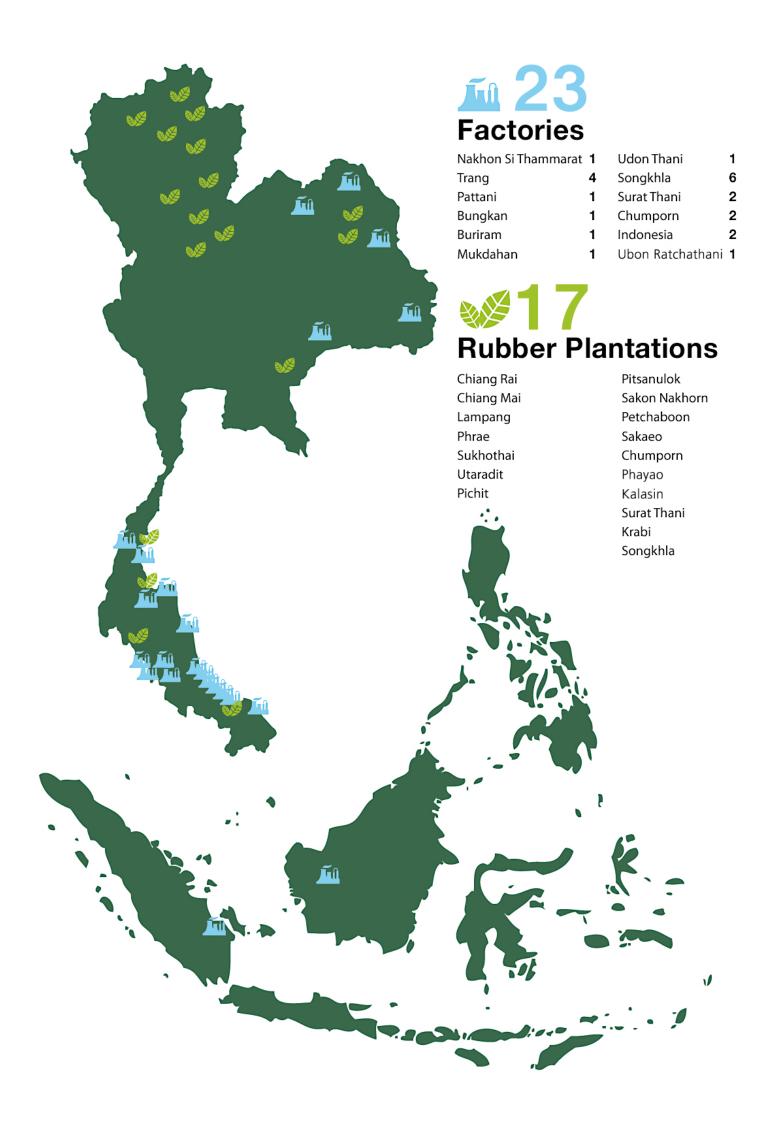


Getting to Know Sri Trang

Sri Trang Agro-Industry Public Company Limited ("the Company", or "STA" or "we") was established in 1987 to manufacture and distribute high-quality natural rubber to tire makers and other downstream businesses around the world. The Company has added its variety of products, expanded its capacity and built up new production

bases to achieve the world's largest fully integrated natural rubber supply chain. At present, the Company has market share of 10% of global natural rubber consumption with a full range of natural rubber products ranging from Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex.

MULTI-NATIONAL PLATFORM



In addition to the natural rubber processing that has been contributing growth and continuing to generate main income to the Company, it has expanded business to estate rubber plantation in Thailand. The Company has also invested in downstream businesses through

partnership with foreign companies in producing finished products including medical gloves manufacturing which is Thailand's largest and the world's fourth-largest examination gloves manufacturer and high-pressure hydraulic hoses which is the largest manufacturer in Thailand.

Our Fully Integrated Natural Rubber Supply Chain

Upstream Business

Rubber Plantation



• Over 6,000 hectare rubber plantation in Thailand





 64 procurement units in Thailand and Indonesia

Midstream Business

Processing of Natural Rubber



1.3 million tons capacity per annum

 Cover a full range of rubber products from RSS, TSR and Concentrated Latex

Sales & Distribution



 Established trading and distribution companies in key strategic countries

Downstream Business

Finished Products



- 14.0 billion pieces capacity of glove production per annum
- 42.5 million meters capacity of high pressure hydraulic hose per annum
- 1.4 million meters capacity of escalator handrails



Technically Specified Rubber (TSR)



Ribbed Smoked Sheets (RSS)



Concentrated Latex

Our Products and Services

The Company has three main business segments, namely natural rubber products, finished products and others business. The details of each business segment are as follows:

Natural Rubber Products

There are 3 natural rubber products that The Company produces, including Technically Specified Rubber (TSR), Ribbed Smoked Sheets (RSS) and Concentrated Latex, sold mainly to tire makers and gloves manufacturers. At present, the Company has a total capacity over 1.3 million tons per annum from 23 rubber processing factories, 21 of which located in Thailand and two located in Indonesia. The Company has

established a network to procure raw materials in strategic locations close to the sources of raw materials supply. The Company currently has 64 raw material procurement centres, 42 of which are in Thailand and another 22 are in Indonesia.

The Company has also established trading and distribution networks in five countries including Singapore, the United States, the PRC and also through its production bases in Thailand and Indonesia. Having such networks and strong sales teams enables us to expand customer networks to cover various countries and territories in Asia such as the PRC, India, Singapore, Japan, Vietnam, Malaysia and Korea as well as the United States and Europe.

Finished Products



Medical Examination Gloves Quality Control

Examination Gloves Siam Sempermed Corporation Limited (SSC), jointly established by the Company and Semperit Technicsche Produkte, is Thailand largest examination gloves producers and one of the leading producers of natural tubber and nitrile examination gloves globally. SSC has a total of four production facilities with a combined capacity of approximately 14.0 billion pieces annually and distributes its products to customers throughout the world.



High-Pressure Hydraulic Hoses which are primarily used for heavy industry and mining industry. Through jointly partnership between the Company and Semperit Technische Produkte, this company has a total capacity of 42.5 million metres per annum from the production in Thailand and the PRC and has a distribution networks around the world.

Escalator Handrails The Company invests in the production and distribution of escalator handrails through Shanghai Semperit Rubber & Plastic Products Co., Ltd., a leader of escalator handrail industry with a capacity of 1.4 million metres per annum.

Other Businesses and Services



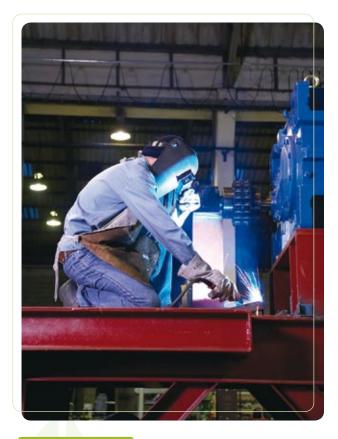
Rubber Plantation At present the Company has approximately 37,500 rai (6,000 hectares) for rubber plantations of which more than 60 percent was already planted and will be mature for tapping in 2016 onwards.



Rubber Wood Processing production and distribution of processed dried rubber wood and other types of woods for packaging and furniture industry in both local and global markets.



Logistics: Services for shipping and logistics activities include the arrangement of product shipping, the preparation of the related import and export documentations, the business of forklift rental and repair services to companies within our Group.



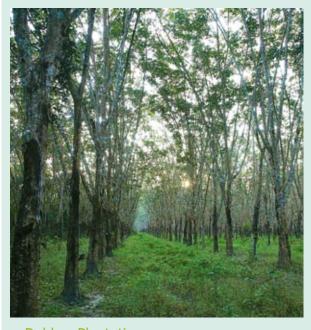
Maintenance Services Services for the design, manufacture, installation, R&D, spare parts, machinery, IT services, systems and calibration and standard equipment provider.



Calibration Lab



Computer Training Facility



Rubber Plantation

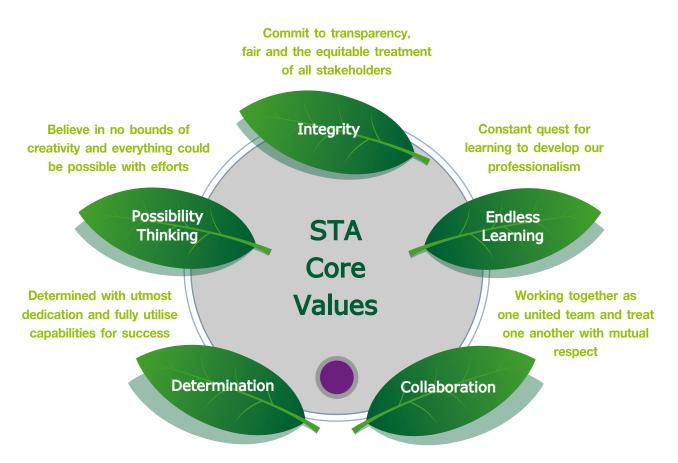
Sri Trang's Vision

Passionately, We Drive Possibilities >>the Green Rubber Company>>

- We adhere to deliver the highest satisfaction to our shareholders. We passionately pursue sustainability of growth for reasonable return to our shareholders.
- Under our environmental-friendly production, we delineate our best products and services in order to achieve the satisfaction and the confidence of our customers and our suppliers.
- We are strived for fair and transparent business operation to improve the quality of life of people

- and our stakeholders. We are also dedicated to good practices of corporate governance company.
- We are committed to provide opportunities, pleasant working environment and competitive benefits to fulfill our staffs' potentials.
- We value our best practices for the safely of our society and sustainable environment. We are also steadfast in the efficiency of natural resources consumption.

Sri Trang's Core Value



Mission

Mission 2013 Year of High Performance

Under the climate of intense competition, to attain a long-term success, we need to be able to adapt to the evolving business environment by continuously enhancing our competitiveness in terms of production, operation and management in order to achieve optimal efficiency as a "High-Performance Organisation". We, therefore, need knowledgeable and skilled personnel who are able to collaborate with one another on all aspects of operation. This would enable us to achieve optimum efficiency, which would, in turn, bring about organizational success.

Mission 2014 Year of High Productivity

The main target of the Company is to ensure and to extend our position as a successful key player in the rubber market worldwide. This means that our main focus on productivity issues has to ensure high competitiveness as it is the most important economic concern. This is not only the continuation of the successful current productivity project, but also further improvement in all positions and departments and transformation process to a modern organization structure with steady growing number of factories and offices in Thailand along with other countries worldwide. In order to achieve this, we need to monitor and establish best practice projects in all of our locations to achieve higher productivity, particularly in the labor intensive factories, including the restructuring of some key departments, better communication and coordination between the factories and departments, implementation of a generally accepted and binding reporting system containing significant and valid key figures. The ultimate goal is to increase productivity and competitiveness which will benefit all our employees in terms of secure workplaces, higher income and standard of living.



Code of Business Conducts

Conducts of Responsibilities to Shareholders

- Commit the business operation with the good operating results that can create the profitability to the consistent growth and sustainable, the competency in competition and the long-time increasing value for the shareholders.
- Perform the duty with integrity and equity to all shareholders for overall utmost benefits.
- Manage and manipulate the knowledge and management skills to fully apply for all cases including the decision to take any action with transparent and caution.
- Report the turnover, position and financial statement of the corporate group to shareholders with equity, consistent and accurate.
- No seeking for the personal interests and other person by using the company information which undisclosed to the public or do anything may cause a conflict of interests.

Conducts of Relations with the Customers

- Create the satisfaction and confidence to the customers to receive the good products and services with decent price and quantity and to raise the higher level with consistent and earnestness.
- Disclose the sufficient, precise and up to dated information concerning the products and services without any distortion including maintaining the good and lasting relationship.
- Delivery products within the agreed time and warranty the products and services within the proper time.
- Provide the complaints center for the customers and general public regarding the products and services with quickly response to the customer and general public.
- Set the fair commercial conditions to the customers.

Keep confidential information of customers and not allow to utilize for own benefits or others as illegally.

Conducts of Relations with the Business Partners, Competitors and Creditors

Relations with Business Partners

- Will not ask for, accept, or give any unlawful benefits from or to the business partners.
- Strictly comply with the terms and conditions agreed upon by the business partners.
- * Take immediate actions to notify the business partners in case of failure to comply by using the reasonable principle.

Relations with Competitors

- Comply with the rule of fair completion.
- Do not defame or slander against the competitors' reputation.
- Develop Thailand's rubber industry to be widely recognized together with competitors.

Relations with Creditors

- Adhere the honestly to comply with the conditions which provide to the creditors under such conditions including relevant laws and regulations.
- Report the complete and accurate financial status of corporate group to the creditors.

Conducts of Responsibilities to Employees

- Offer fair remunerations to the employees in form of salary, incentive and/or bonus payment.
- Provide a good circumstance for their working, including safety in their life and belongings always.
- In considering to promote and remove position of all employees, including reward proposal and punishment, the Company shall make a decision with equity and honest in regarding to knowledge, competency and suitability of employees as criteria.



- Give priorities to development of employee's capabilities and knowledge sharing and thoroughly and regularly provide employees with opportunities for the development.
- Impartially and equally open to feedback and suggestions by all employees.
- Comply with laws and other regulations in regarding employees strictly.
- Manage the business and avoid all acts of unfairness which may affect the stability of duty and work of all employees.
- Treat the employees with politeness and respect for the individuality and human's dignity.
- Provide communication channels for the employees to report abuses or unlawful acts.

Conducts of Responsibilities to Social and Environment

Consider the alternative for using the interest from natural resources that the Company attempts to run its business reducing any affects that may cause to social, environment and the quality of people.

- Support to provide the campaigns and activities which have benefit to social and environment in kind of education, sport, religion and others.
- Continually create consciousness among employees for corporate social responsibility and environment.
- Give priorities to business partners who share the same will with the Company about the social and environmental responsibility.
- Adhere to efficient energy saving practices for the future of the later generations as part of the core policies of the Company.
- Comply and coordinate or control as strictly to the purposes of law and regulation that mandated by Securities and Exchange Commission (SEC).
- Lead an important in community and social activities, it is necessary to enhance a social development by focusing on society, community, environment, creative thinking and natural preservation. Moreover, to support on youth education and less-opportunity in social benefits are too essential to develop for strengthen and self-dependency.



Over the past 25 years that Sri Trang Group has committed to processing and exporting Natural Rubber products, we have dedicated to conduct business with good practices of corporate governance and corporate social responsibility (CSR) and become a leader in global rubber industry. Towards our 3rd decade of sustainable business operation, we still maintain our global leadership in rubber industry and pursue sustainable business development. Our philosophy is to grow contingently with the community and society and to be an effective mechanism to constantly strengthen the stability of rubber industry. We value our way to conduct business in parallel with creating activities for communities

and societies, maintain our environmentally-friendly production, create a fair trade standards to gain trust and acceptance from rubber farmers and customers, consider the impact on every aspect from business operations to all stakeholders including shareholders, employees, customers, suppliers, communities and government agencies as well as create the attitudes and organisational culture to encourage employees to participate more in CSR activities.

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



1. Good Corporate Governance:

The Company is dedicated to good practices of corporate governance focusing on the structure of the Board of Directors, management, and shareholders to create a competitive advantage which will build

growth and increase value of shareholders in the long run. In addition, other stakeholders are also taken into consideration to be involved with society and community.

2. Responsibility to Supply Chain:

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

2.1 Rubber farmers and rubber dealers

The Company is strived for fair, transparent, clear principles and accountability procurement of natural rubber which is the main raw materials for our production. We also encourage rubber farmers to

produce high quality of rubber without contamination and properly store the rubber so that the quality of raw materials will meet our factory's standards. Moreover, we support rubber farmers with knowledge to properly operate rubber plantations in order to increase yield which will, in return, increase their revenues as well as sustainable quality of life.

2.2 Customers

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

3. Environmental Friendly and Safety Operation:

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

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

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

4. Engagement with Transparency:

The Company is committed to operating business with fairness, transparency and accountability in all process. We believe that to operate business with fairness and ethics, comply with laws and respect the rules of society, this could build the confidence of stakeholders and reduce any conflict of interests. This also will benefit business operation of the Company in the long run. We also encourage every level of our

employees to work with integrity and adhere to business ethics. Employees should not exploit benefits that may cause conflict of interests to the Company and its stakeholders and should not improperly indulge on business operation. We also have a policy against all forms of corruptions to establish standards of transparent business operation which will benefit the organisation and rubber industry in the long run.

5. Nurture Sustainability Attitudes Towards Organisation:

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

to reduce energy consumption costs and to enhance the effectiveness of organisation.

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



The Green Rubber Company

MOVE FORWARD TO THE GREEN RUBBER COMPANY

With over 25 years of our extensive experience and our commitment to sustainably developing natural rubber industry, we have initiated the concept of "Green Rubber Company" which means

Green Rubber Product

We are committed to delivering to our customers the clean products for safety and hygiene of end-users.

Green Factory

We are committed to a sound concept of safe energy, rid of waste and odor to ensure that our production facilities are environmental and community friendly.

Green Supply

We passionately drive the industry towards the clean & clear natural rubber through our fair procurement system with natural rubber farmers and dealers.

Green Company

Is the symbol of our transparency in operation and attitudes towards sustainable natural rubber business development.



The Company has been adhering to the Code of Good Corporate Governance for Listed Companies 2006, as well as the Code of Corporate Governance 2012 for its roles and responsibilities, which have procure the Company with business decisions that are honest, just and ethical. These codes of good corporate governance that the Company always comply with has enabled the Company to operate its business by taking into consideration the concerns and benefits of all stakeholders including but not limited to shareholders, business partners, customers, employees, governmental agencies, or relevant organisations. The Company is also responsible for a role in society development to look after the environment around factories as well as to provide accurate and transparent information to all parties equally.

The Company has set up committees in accordance with relevant fields and operational scopes, with an aim that each activity discussed with or presented by the committees would be creative for the benefit of the Company. Moreover, the Company has aimed for outcomes from the meetings that are balanced, diverse and effective. The Company's board of committee consists of members that retain experiences on accounting, finance, business management, planning and strategizing, marketing, laws and rubber industry.

Furthermore, the Company's board of directors has set up a risk management system and an internal control that could ensure that the Company's operations in compliance with laws, rules and regulations and that the Company has been treating all relevant parties with fair and justice. More details of such system and control are disclosed in our Annual Report 2013.

The Company also has policies against all kinds of corruption. Complaints about corruptions could be filed, where the plaintiffs would immediately be under protection. The protection would be carried out to ensure that the relevant head of the department and human resources units would be able to keep track of such employee to give guidance and counsels as well as to monitor their behaviors closely.

The Company participated in the Good Corporate Governance Survey Project for listed companies, in which the Company has organised meeting with different relevant units to oversee operations under the code of good corporate governance, in order to ensure that the governance remains developing and improving for better efficiency and implementation. In 2013, the Company has initiated various policies, including policies and practices for non-infringement of intellectual property, risk management policy, conflicts of interests policy and whistleblower policy through the Company's website at www.sritranggroup.com.

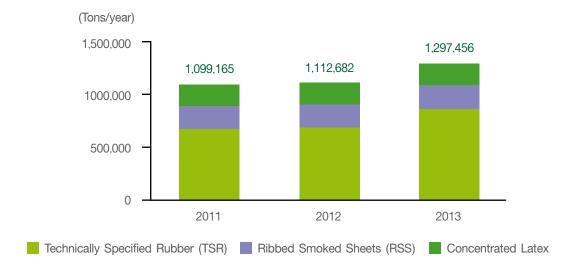
For corporate social responsibility, the Company's executives have set up policies, budgets and a new department to be responsible for all corporate social responsibilities. The Company then organised a committee comprising of executive directors, managers and employees from different departments to work collaboratively for CSR activities. To ensure that the Company will achieve the most effective and efficient CSR strategies, sub-committees are also set up from different branches to implement the strategies and activities in accordance with the policies. The Company also arranges regular meetings between units and departments to gather suggestions, ideas as well as to follow up works on CSR activities for better development.

Business Overview and Economic Performance

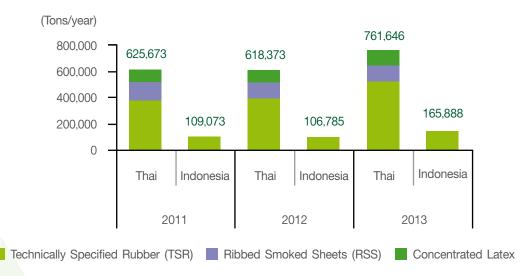
The Company has engaged in a fully integrated natural rubber supply chain with its key operation bases in Thailand, Indonesia, China, the United States and Singapore. The Company distributes its products to customers worldwide.

As at December 31, 2013, the Company has 23 factories, out of which 21 are in Thailand, two are in Indonesia, with a total production capacity over 1.3 million tons per annum.

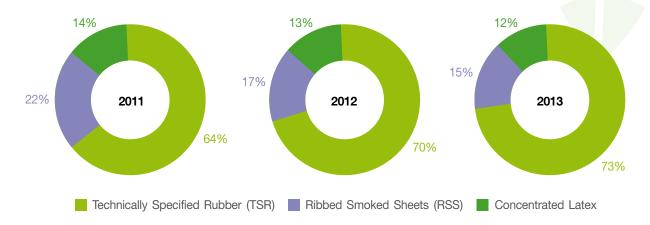
Company's Production Capacity



Production-Total of Natural Rubber



Production Breakdown by Product Type for 2011-2013

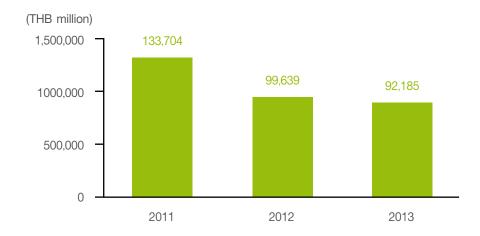


Revenue from Sales and Services

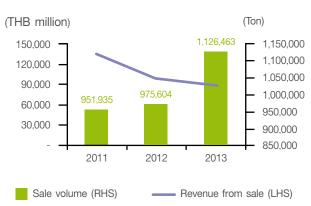
The main product of the Company is natural rubber which accounts for 98 percent of the Company's total revenue during the year 2011-2013. 70 percent

of our revenue is attributed to the sales of TSR followed by RSS, Concentrated Latex and other products, respectively.

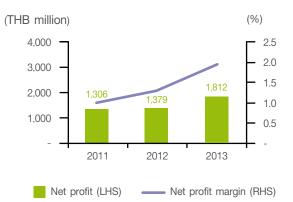
Revenue from Sales and Services



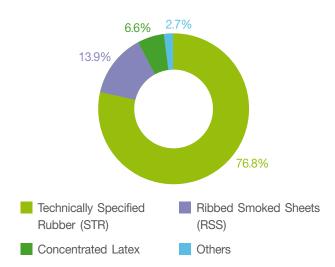




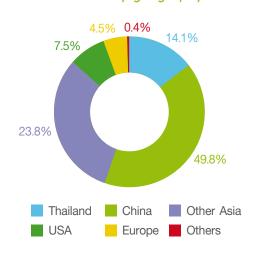
Net Profit



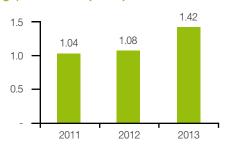
Revenue by products



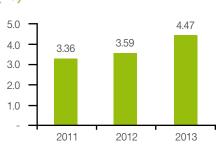
Revenue by geography



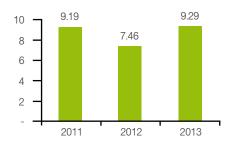
Earning per Share (baht)



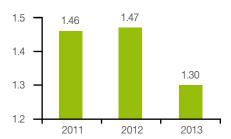
ROA (%)



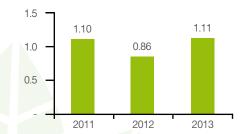
ROE (%)



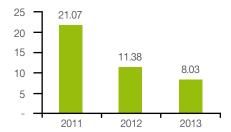
Current Ratio (Times)



Net Debt to Equity Ratio (Times)



Fixed Asset Turnover (Times)



Corporate Social Responsibility Performance

Business Practices with Partners and Competitors

The Company believes that doing business with integrity would create confidence from the relevant agencies, including, governmental agencies, shareholders, business partners, competitors, suppliers and customers. The Company has strictly uphold business ethics in dealing with business partners and competitors, so as to make sure that the Company would not destroy the reputations of those who are in the same industry.

When dealing with raw material suppliers, the Company has abide by regulations for a fair and transparent treatment between the Company and suppliers or rubber dealers, where the Company provides "free trading" with suppliers, meaning that anyone is welcomed to become the supplier of the Company. However, to become one of the Company's suppliers, one must follow the standard of operations specified in the Company's agreement strictly.

Our procurement department has trading systems for the purchasing of raw materials that is fair and of high standards, which evaluated each supplier with stringent criteria that could be inspected.



The opening day for the purchase of raw materials at Udon Thani branch



The Company's visit a cooperative rubber farmers in Nan province

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

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

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

The Company believes that by providing knowledge and understanding for suppliers and rubber farmers on how to efficiently carry out a rubber business would create sustainable income and good quality of life. The Company, then, has made regular visits to suppliers

and rubber farmers. Upon every visit, the Company could promote more knowledge of quality rubber and inquire about the satisfaction of the suppliers towards the Company.

Partnership Development

From the idea of Green Supply, we focus on transparent and fair purchasing processes, the sourcing of clean raw materials, and giving importance to creating sustainability for partners and communities, especially those of raw material suppliers. This has prompted the Company, in 2012, to sign an MOU 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 for, "Rubber Tapper Skill Development Project", with an aim to provide appropriate tapping methods for inexperienced rubber farmers in the region. The project has already been completed in four provinces in the Northeastern part of Thailand, including, Mukdhaharn, Sakon Nakhon, Udon Thani, and Loei. For such projects, the Company provides financial support to ORRAF and the trainees. Each project contains 7-day session with an extensive training programme under our support over 300,000 baht in total. The projects have provided more than 150 rubber farmers the knowledge of appropriate tapping skill in order to preserve rubber trees for long-term tapping. The training also provides the rubber farmers the knowledge on fertilisers and how to look after the rubber plantation, to nurture the best quality of produce, while being able to use their newly learnt skills to carry out an occupation with stable income to enhance their quality of lives.

During the training sessions, staffs of the Company also presented as guest speakers to provide the trainees information about how to produce raw materials and cup lump to meet the Company's standards. In addition, we also advise them our reliable purchasing system if they want to deal business with us as well as how to deliver the raw materials to the factories in environmental and community friendly manners.





The 3rd Rubber Tapper Development Project of Udon Thani province

Purchasing

The Company's central purchasing unit has set up purchasing policies in line with corporate social responsibility. The unit has been carrying out its operations in accordance with the Company's purchasing policies as well as business ethics concerning the relationships between business partners, competitors, and trade creditors, so as to prevent unfair business competitions and monopolisation whereas to promote the creation of new suppliers. The Company also set up internal policy to select only partners that operate the business with the concerns of corporate social responsibility such as green purchases scheme, the use of energy saving equipment, the promotion against child, forced labors as well as human rights, along with their mindset in looking after the environment. The Company then added the "supplier" category into the annual evaluation to have two-way communication and feedback with suppliers. The Company also gives support to create understanding and cooperation on social responsibility with clients and partners.

If a conspicuous situation is found in any purchasing processes, such suspicion would be investigated and such suppliers would be blacklisted by the Company.

Responsibilities to Customers and Consumers

The sales and marketing department of the Company has been abiding by the Company's business ethics concerning customer relations, with an aim to crate the best satisfaction and confidence with the customers in receiving the best quality products and services, with the right prices. The department also provides complete and correct information about every product, on-time delivery, product guarantees as well as sufficient communications channels for customers to make complaints about the Company's products and services. Moreover, The Company is responsible for keeping customers' confidential information private and secured, organised visiting trips to the Company's factories for customers to create better understandings about the Company's operations and products. The Company thrives to strengthen the relationships with the clients, by organising annual meet up, while also establishing an evaluation system for customers to obtain feedbacks of their satisfaction towards the Company.

The Company has been adopting the ISO 9001 system to manage product quality as well as quality control system to ensure that all products of the Company are certified and meet the high standards of quality, along with expectations of every customer.

The quality control system taken care by our quality assurance department is responsible for monitoring every step of from purchasing and raw material preparation and all the way to quality inspections in the last step to ensure that our high standard of production always maintained. If a customer had filed a complaint about the Company's products, the marketing and the quality assurance departments would handle the complaints in accordance with the Company's procedures. Both departments would collaborate together to find out the causes and solutions for such problem under our standard procedures so as to respond to customers' need as quickly as possible, while also gathering the information of the problems and complaints for continuous develop in the future.



Customers visited our Concentration Latex plant in Trang province



The Company's partners' visit to the concentration latex plant in Surat Thani province

Communications

The Company has provided channels for the information and public relations through its website, at www.sritranggroup.com and has provided a call centre at 02-207-4500, for the customers, partners, suppliers, public, and all stakeholders to conveniently contact the Company and be treated without any discrimination. Such communication channels would also provide convenience for anyone to inquire about the Company's products and request for any other information.

For internal communication, the Company has an intranet system for its employees to get information regarding the Company's news, policies and any updated ongoing activities.

Human Rights and Employee Benefits

The Company deeply values the importance of human rights and the rights of equality in the work place and has been treating all employees justly and equally without discriminations under a set of ethics and code of business conduct, which include the following:

- Welcomes all opinions from any level of employee equally and justly
- Dedicated in developing and supporting all employees in every aspect as well as thrive to create a good working atmosphere for team works. The Company also provides opportunities for all employees to

- progress in their work path appropriately, while providing them with decent rewards
- Provides a stage for employees to file their complaints, with clear cut procedures and process
- Retains a policy against child labor and forced labor
- Gives freedom to the employees in grouping together to work out negotiations with clients under the jurisdictions of the laws, regulations, and rules of the Company
- Adheres to democracy and encourages all employees to exercise their voting rights in accordance with the National Constitution

The Company values all employees as its most vital resources in propelling the Company forwards for success. Apart from the social security fund that must be provided by the Company as stated by the laws, every employee is entitled to earn their income in the forms of salary and OTs, while hardshifters are also provided extra rewards. All employees are also entitled for summer vacation pays, yearly bonuses, and basic welfares for their quality of lives such as uniforms, assistance for rents, outside of office pocket money and lodging, health and safety insurances, provident funds, pensions, disaster relieve funds, study leave to pursue higher education as well as trainings for developments, and recreation activities, including, sports day, and new year's party, etc.



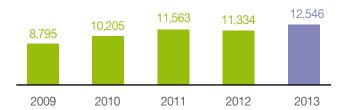
Annual Meeting

Employee's Statistics

Employment

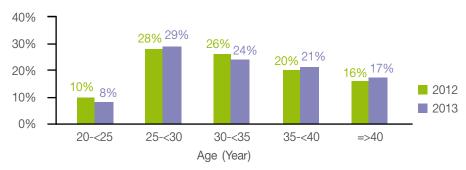
As of December 31 2013, the Company has a total of 12,546 employees.

Manpower



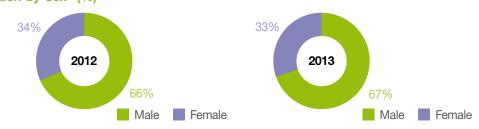
The increase in the number of employees was due to our continued capacity expansion and the increase in number of factories, particularly in the Northeastern region of Thailand and in Indonesia.

Employee Proportion by Age* (%)



^{*} The data exhibits only permanent employees from the natural rubber sector

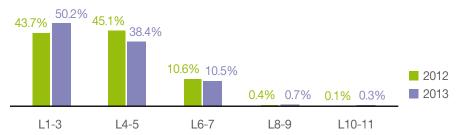
Employee Proportion by Sex* (%)



^{*} The data exhibits only permanent employees from the natural rubber sector

Since the Company's key business is manufacturing base, most of the employees are usually male as they are needed in the factory and industrial servicing business.

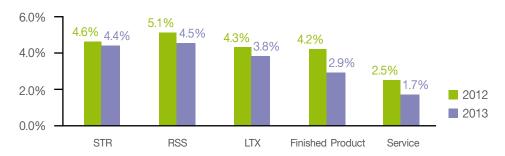
Employee Proportion by Job Positions* (%)



^{*} The data exhibits only permanent employees from the natural rubber sector

The Company categorises job positions into 11 levels and 5 groups, depending on the types of job descriptions and scope of works.

Turnover Ratio of Daily Workers (%)



In 2013, the rate of resignations of daily workers for all product groups showed a declining tendency, as the Company has adjusted its rate of payment and improved training courses. Moreover, the Company has also provided the newly hired employees with training and coaching system.

Employee Evaluations

The Company has an evaluation committee to review employees' performances as well as uses the Key Performance Index (KPI) system to evaluate each employee for its standard rewards and bonuses. Daily workers undergo evaluation every 3 months, while permanent employees are subjected to an evaluation every 6 months under the system analysed by computerisation and information from paper documentations.

In 2013, the Company has added the KPI improvement for employees who showed their dedication and contribution to the society as follow:

- By being a member of a committee or working group, including, the committee for social responsibility, committee for safety and occupational health, committee for welfares, and 5S committee.
- Participation in activities benefit to the society such as reforestation, and participating in activities with communities or joining activities arranged between the group of Company.
- Serves as a speaker for internal trainings or acts as an auditor to inspect the standardised certification system, including ISO9001, ISO14001, OHSAS18001, etc.
- Participating in quality activities such as 5S, TPM,
 QCC, Kaizen and developing new projects.

Trainings and Employee Developments

By providing trainings to develop employees' performances not only to increase the Company's working efficiency as a whole and to utilise the production capacity to its maximum potentials, but such trainings would also to create relationships and friendships among employees.

The Company has paid intention in organising training for the employees to improve and develop their skills and knowledge. Apart from gaining technical knowledge from these trainings, the Company also urges the employees to carry out their works with honesty to avoid any conflict on interests with the Company or its stakeholders. Moreover, the Company has been providing trainings on social responsibilities, and organising trainings concerning peaceful mind in order to create an excellent citizen for the society.

The employee training and development unit under the human resources department has been appointed to create training courses that would provide knowledge, skill development and experiences to employees, while also maintain and develop employees' potentials in accordance with the Company's operational plans of 2013. This unit has been organising in-house training sessions based on surveys and evaluations taken within the Company itself concerning the necessity for skill training courses. Based on the findings, this unit has

divided in-house training courses for 2013 into four categories as follow:

- 1. Administration
- 2. Manufacturing
- 3. Services
- 4. Technical

By divided the training courses into 4 groups, employees were able to receive trainings that suit their responsibilities and work fields. The Company also organised trainings and work trips abroad to expand the employees' experiences and knowledge both in the Asian and European regions.

The training courses have been summarised into average hours per person, breaking down into three sections of in-house training, domestic work trips and international work trips respectively. The chart below compares the average hours of January to October 2012 with those same period of 2013.

In-house and Outside Training, Work Trips (Hour/Person)



As shown above, the average training hours per employee for in-house/ outside trainings and domestic work trips in 2013 have been lowered slightly comparing to last year's, as the courses have been adjusted to be more concise and suitable for each employee to shorten the hours of training. Meanwhile, most participants in international work trips are executive levels, who need longer training period for extensive improvement of their units and departments as a whole.

Internal Communication Channels for Employees

The Company has offered different communications channels for executives and employees of all levels to communicate with each other to create a stronger working harmony in the Company, including, annual diary, intranet web, Sri Trang magazines, in house radio broadcast, news board announcements, monthly/ weekly meetings as well as annual meetings.

Employees can present their opinions and ideas via an opinion box as well as through different activities organised as platforms for opinions sharing such as the 5S, Kaizen, QCC, etc.

In 2013, the Company has come up with an idea

to create a Happy Workplace, which includes the developments of the Company's employees with purpose and good strategies, which is in line with the Company's visions to become a competent organisation, ready for any changes ahead and would lead the Company into sustainable growth. To seriously improve the Company's operations, Sri Trang headquarter has joined in with the pilot project of Healthy Organisation Promotion under the Thai Health Promotion Foundation as well as set up a committee and volunteered employees to participate in the Happy Workplace Forum 3.1 Expo. The experiences from joining international expos have led its subsidiaries to come up with their own projects for a healthy organisation, including:



In-house radio broadcast during lunch break serves as a mean to deliver employees public announcements and news, while also keep employees relaxed.



Annual alms making and merit giving ceremony held at 9 temples for good lucks and to provide encouragement to employees and invite them to join the activity.



"Mind, Heart, and Fun at Work Training", aimed to promote good heart and attitudes towards the workplace, colleagues and society, which in turn would create better efficiency.



In-house sport completions and sporting events between companies to encourage friendship building and more exercises of employees for good health.



Drive, Ride Safely and Economically Project provides employees with vehicle inspections together with the extension of the compulsory motor insurance at more affordable price.



Children's Day activities are held inside the factories in every year, while also urging workers to bring their children to participate in the activities as a way to strengthen the love, relations with each family as well as lift the spirits of the employees.



Organise different trainings such as training for Team Work, CSR Day, training for production increase, training for English in the workplace and working trips outside the office.



Organise New Year's celebrations and encourage employees to participate in activities with other organisations such as organising exhibition booths for the National Rubber Day, participate in labor day parades, and joining anti-corruption walkathon, etc.

Health and Safety

The Company always adheres to the regulations concerning occupational health and safety, paying extra attention to the health and safety of all employees as the Company realises that every employee is the most important resource for the Company and is one of the main contributors to the organisation. To fulfill the obligation of making sure that all employees are healthy and safe, the Company has provided the employees with health insurance, regular medical checkups, safe working atmospheres, along with a frequent inspection of the environment within working areas, which include, noise, light, dust, and gas levels.

Safety officers have been left in charge of carrying out safety operations in accordance with the laws and regulations as well as responsible for implementing

prevention measures in case the levels of environmental indexes exceed the standard limits. Safety officers have regularly organised trainings to provide knowledge on safety, chemical substances, inspections of personal protective equipment, equipment in case of emergencies as well as organize annual emergency drills based on risk assessments carried out by the Company.

Apart from the safety of employees, the Company also takes into account the safety of contractors hired to work within the Company's premises as well as customers arriving at the Company's grounds to conduct business transactions and provided them with handbooks and trainings to equip them with the best safety practices during their operations in the Company.



Dealing with Stakeholders

The Company has employed different kinds of tools and means to measure the expectations of each group of stakeholders such as questionnaires, conferences, seminars,

open houses, visits to business partners, communities, rubber suppliers, along with taking in complaints and opinions to be used for improving the Company's working processes.

Stakeholder	Expectations	Responds/Actions
Shareholders/ Investors	 Good returns from investments, stable financial status Continual good business performance Transparent management which could be thoroughly inspected 	 Dividends payout Establish good corporate governance policy Organise annual shareholders' meeting. Update information on the Company's website Organise the Company's roadshow
Employees	 Opinion intakes Improve employees welfares Potential developments	 Organise Kaizen activity to welcome ideas and opinions for improvements Hold monthly meeting to improve welfare plans Organise work trips to improve employees' potentials Create Happy Workplace environment
Rubber Suppliers/ Farmers	 Standardised purchasing process A fair and reliable measurement of DRC (dry rubber content) Provide the information to suppliers on the rubber and quality required by the factories 	 Organise standardised procedures for purchasing and measurement of DRC Make visits to suppliers Provide information on the different quality of rubber Arrange Rubber Tapping Skill Development Project
Customers	High quality goodsOn time deliveriesConvenience in contacting with the CompanyAccess to accurate information	 Earn the ISO9001, ISO14001 and OHSAS18001 certificates Improve logistic management Provide reliable shipping services Establish an email, website and call centre communication
Supplier/ Contractors	Transparency in sourcing and purchaseSafety at workOn time payment	 Create reliable purchasing policy Organise safety trainings for constructors before starting work Inform about the Company's specific period of payment
Communities	 Concerns about water and air pollutions that would affect the communities and their resources Good living quality 	 Install high standard water-air pollution treatment system Regularly inspect the water and air quality as required in accordance with the law Improve communications method with the communities, including, visiting each location to provide knowledge and understandings, organise open houses, factory visits, community activities as well as welcome ideas and suggestions for community developments from the neighboring people.
Creditors/Banks	- Follow the terms and conditions of the loan agreement strictly	 Abide by the terms and conditions of the loan agreement strictly, which include making payments for interests and loans on schedule
Governmental Agency/ State Enterprise/ Relevant Private Agency	 Follow the laws and regulations Cause minimal environmental impacts Be socially responsible 	 Abide by the laws and regulations in order to carry out its business with good governance Make sure that environmental quality control meets the standards specified by the laws Be able to provide correct and clear information to responsible agencies in due course Give full cooperation to any concerned agencies for inspections Join in activities organised by networks concerning social responsibility

Environmental Performance

The Company is well aware of environmental concerns and the quality of living for the community. We are not only strived to developing the best quality products, but we also produce products that are environmental friendly that could conserve and protect the environment as well as surrounding community. We support the use of alternatives for clean energy to provide optimum usage and environmental protection. Our executives have demonstrated our commitments to being environmental friendly by implementing environmental policies as follow:

- Comply with the laws, regulations, all requirements as stipulated by official authorities and related bodies regarding environment
- To prevent, reduce waste and support recycling to alleviate environmental impact
- To improve and develop environmental management system continually through regular inspection
- To emphasis on conservation resource and energy by using it as necessarily and maximise the best use of all resources
- To educate and provide environmental training to employees and any persons working in our organisation in order to build awareness and protection of the environment
- To disclose and disseminate environmental policy to the public

The Company's policy does not only provide a clear guideline for day-to-day production, but also incorporate and promote environmental activities with communities such as reforestation programme. In the meantime, the Company also provides further knowledge and education contingently with our environmental policy; having social responsibility and clear vision as "The Green Rubber Company"



Environmental Management

The Company has been adopting the environmental management system for a long time, especially in factories that pose higher environmental risks. The aim of the Company is to earn an ISO14001 certification within a year after the factory establishment or after the plant has been certified with ISO9001.

In 2013, there are a total of 6 factories that adopted the ISO14001: 2004.

- 1. Sri Trang Agro-Industry, Trang Branch
- 2. Sri Trang Agro-Industry, Hat Yai Branch
- 3. Sri Trang Agro-Industry, Thung Song Branch
- 4. Sri Trang Agro-Industry, Sikao Branch
- 5. Rubberland Products, Bungkarn Branch
- Rubberland Products, Buriram Branch
 And Rubberland Products, Mukdahan Branch will apply for such certificate in 2014.

However, other factories of the Company that have not attained the ISO are also participating in the "Green Industry" campaign by continuously practicing and developing a good environment management system.



Water Pollution Management

The Company always maintains the quality of waste water treatment system. Every month, we regularly inspect our effluent water which is the water released into the environment to ensure that it meets with the effluent standard stated by law. Since 2012, we have two companies that are setting up the BOD online system to measure the level of toxicity in remote ranges. The online system is directly linked to the Department of Industrial Waste for controlling and monitoring of the water quality released from the Company into public water streams. These two companies are Sri Trang Agro-Industry (Trang Province) and Siam Sempermed (Songkhla Province).

Furthermore, we have been developing the activated sludge system in the Northeastern part of Thailand that could potentially provide us with a 100% recyclable clean water to reduce the input of natural water from outside sources into the factories that might cause environmental impact. The factories have adopted

a close activated sludge system, where there is no effluent released into nearby public water streams. From this treatment, we also gain excess nitrogen in the water which could be used to watering trees which can reduce the use of the new natural sources of water.

Meanwhile, the factories in Northeastern region have been collecting rain water that could also be used for irrigation purposes in nearby farms during the dry season such as our Buriram branch, the collected rain water kept in the factory is shared to nearby rice farmers during the dry season. In accordance with the law of unused materials 2005, flocks from wastewater treatment have been collected and sent for toxicity and heavy metal analysis. The result of the analysis come out better than expected. Not only that there were no toxicity contaminants, but the excess nitrogen could be put into good use as fertilizers for farming and plantations, both in the factory and nearby villages.



The Aerated Lagoon of the Company's Activated Sludge water pollution management system



Rubberland Products Co.,Ltd. Bungkarn Branch, owned vegetable gardens

Air Pollution Management

The Company has installed air pollution control systems in accordance with the type of productions as following:

Every concentrated latex factory has installed a system to control ammonia emissions in the workplace.

STR factories have installed odour emission control system for the process of rubber drying and compound lines. The factories also use boiler with a multi-cyclone system to reduce the odour before emission. The odour quality passes the standard air/odour quality stated by law after every inspection.

The Company has also controlled odour emissions of cup lump rubber stored at the factory by using wood vinegar to keep smells at a minimal level.

As for the quality inspection of odour control from rubber drying, the Company has set up teams to undergo special trainings and seminars with the Pollution Control Department to obtain a certification for a correct way to check the level of odour omission from the factories that have installed odour omission control system for the specified schedule by the law.

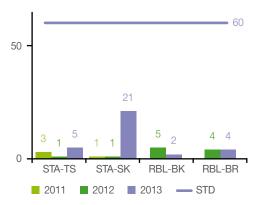
Results of air qualities from the chimneys are as follow:

Total Solid Particle - TSP



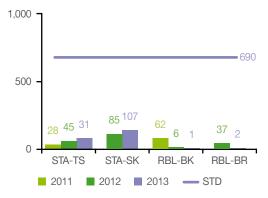
^{*} Standard value < 320 mg/m3

Sulphour Dioxide - SOx (ppm)



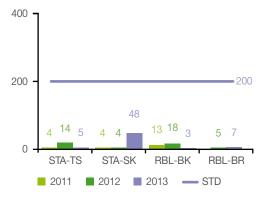
^{*} Standard value < 60 ppm

Carbon Monoxide - CO (ppm)



^{*} Standard value < 690 ppm

Nitrogen Dioxide - NOx (ppm)



^{*} Standard value < 200 ppm

In reference of the average data from RV3 report 2010-2013 from factories that received the ISO14001 certificates

Waste Management

The Company has implemented the 3Rs of Reduce, Reuse, Recycle system to manage the unused materials in the factories. The different types of materials are separated into different groups, while their operations are also enhanced in order to reduce hazardous and non- hazardous wastes within the factories. The waste management system implemented would allow the Company to effectively use natural resources, decreasing the amount of wastes needed to be destroyed, while indirectly cutting production costs as well. The Company has piloted data collections of wastes/unused materials in factories certified with ISO14001 first, then expanded the measure to other factories. The Company has set up a step by step procedure to manage unused materials and asked each factory to gather monthly data of wastes. The Company then randomly inspected its factories along with their 5S of quality operation.

Main waste for the Company's factories between 2012-2013, of non-hazardous wastes include, scrap irons, plastics, and hazardous wastes such as used fuel are categorised into the following:

Waste of TSR group



There are many steps of producing TSR. There are also involved with many materials and equipment used to produce this type of rubber than the others. This means

that more wastes are generated with each production. The amount of non-hazardous wastes include, scrap irons from equipment maintenance, plastics from packaging processes, while hazardous wastes include used fuel from machine repairs and maintenance.

Waste of RSS group



The production of RSS is not complicated, as it heavily relies on natural resources of water and electricity which allow its production to produce limited amount of wastes. Moreover, the improved production capacity has helped to reduce even more wastes generated from its productions.

Waste of LTX group



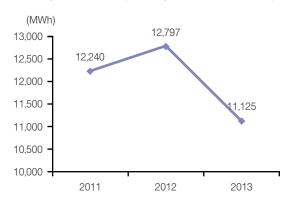
Hazardous wastes from Concentrated Latex production increased from the pre-scheduled fuel change for its regular maintenance.

Energy Sufficiency and Renewable Energy

The Company has been adhering to the Energy Conservation Act, by carrying out measures to preserve energy, including, the use of energy saving equipment and alternative energy such as using biomass in boilers to drying rubber instead of diesel as well as lower the use of LPG.

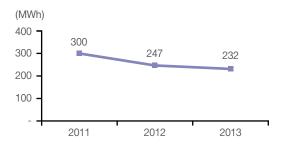
Meanwhile, factories with a certified system of ISO14001 for environmental management have targeted the use of energy by creating different operation plans such as operating the factories during off-peak periods and reducing moisture in raw materials to reduce the use of fuel for drying rubber.

Average Electricity Usage of TSR factory



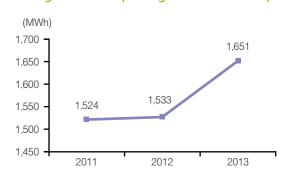
The average use of electricity to produce one ton of TSR in 2012 has shown a lower tendency due to the fact that the factories in the Northeastern region of the country have decreased their electricity usage. This is as a result of machine redesign for an appropriate number of production needs to be suitable for the better quality of cup lump in such region. This has also improved the production capacity and reducing electricity usage as a whole.

Average Electricity Usage of RSS factory



RSS factories rely on little electricity and is also showing a lower tendency of electricity usage due to the improved production processes.

Average Electricity Usage of LTX factory



The use of electricity at Concentrated Latex factories is showing signs of increase due to the increase in production capacity during the second half of 2013.

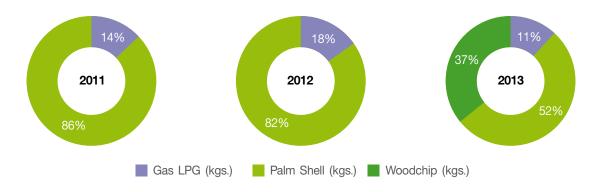
To support the measure of energy sufficiency and renewable energy, the Company has developed two new processes for STR drying as follows:

First Part: Instead of using the direct heat gathered through the burning of cooking fuel and diesel, the Company has been using the heat burnt from LPG, which is a cleaner type of energy at 3 locations.

Second Part: Develop a drying procedure by taking heated wind through the boiling of renewable biomass such as palm oil and wood chips to create fuel and heat at 5 locations.

Apart from conserving energy through the change of fuel, the use of renewable energy has also reduced air pollution from the usual burning of gasoline. The Company has managed to fully control air pollution in accordance with the laws and regulations through such method, which could be inspected through every factory chimneys owned by the Company.

Proportion of Different Type of Energy Used for Drying Rubber Process



^{*} Data of renewable energy for TSR products



Environmental Projects

During 2011-2013, the Company has been involved in the following campaigns:

Good Environmental Governance Projects

Set up by Department of Industrial Work and Industry offices. This shows our social and environmental responsibility by having the community participated in the inspection procedures of the Company. Currently, there are 6 plants that have been certified.

The Environmental Management System Certification

For factories that have not yet been certified with ISO14001 environmental management system, the Company has been applying the internal systems and has earned certificates for the system from the Department of Industrial Works.

Mangrove Forest Restoration Project

In 2012 the Company started the campaign to revive mangrove forests that have once been used for shrimp farming. Sri Trang Agro-Industry, Karnchanadit branch with collaboration of the Mangrove Forest Research Center, Surat Thani planted over 1,000 mangrove trees and released native marine animals into a school pond at Baan Pak Ka Dae Moo 6 Palasawas subdistrict,

Karnchanadit district, Surat Thani province to be used for lunch for children campaign.

In 2013 which is the second year of the project to continue, subsidiary of the Company organised activities to restore mangrove forests in different areas, including, the Naitonal Park Kanom of Nakhon Sri Thammarat province, Koh Rat of Don Sak district, Surat Thani province, Klong Son Beach of Si Kao district, Trang province, and the National Park of Chumpon province, where over 2,500 mangrove trees were planted in total.

Watershed Reforestation Project

In 2012, the watershed reforestation was established in the honour of Their Majesties the King and Queen of Thailand. The Company, together with the good environmental governance network at Prik subdistrict, Sadao district, Songkhla province, collaborated together to conserve watershed forests and prevent landslides during heavy rains.





In 2013, Sri Trang Agro-Industry, Thung Song branch joined "Take Kwuan Give Kon" operation, set up by the Forest Ministry and Nakhon Si Thammarat Industrial Office. Together with other organisations, this project restored deforested areas trespassed by local residents as a part of the "800 million trees, 80th Years of Her Majesty the Queen" project and a local project of "All for Loyalty, Love for Green Scenery", held at Baan Kao Kao, Thung Song district, Nakhon Si Thammarat province.

Green Industry Project

The project was set up by Ministry of Industry to strive for green industry, balanced development, and sustainability. Since 2011, the management of the Company has been adhering to a policy that stated that each company should advance to at least level 2 of being a certified green industry, or known as the 'green system'. In 2012, five of our companies have been certified with ISO14001 at the level 3 of being a green industry. And in 2013, the factories certified as a level 2 green industries as "CSR-DIW for beginner" included Sri Trang

Agro-Industry Udon Thani and Chumporn branches, which were supported by the Ministry of Industry.

Canal and Aquatic Life Conservation Project

Started in 2011 in Trang Province, our joint conservation with the municipal community, students, and Trang's Industrial Office dredged one of the most important canals of Namuangpet subdistrict, and released back aquatic species into the canal, which are crucial to the people in the communities in the areas as they rely on the aquatic lives as food.

In 2013, Thung song branch released as many as 30,000 fish and shrimps into fishermen piers at Kanom district, as demanded by the fishermen community to increase the species of fishes and shrimps in the sea. Meanwhile, Trang branch has started a continual project in 2011, teaming up with the Administration of Bangrak subdistrict, students, and villagers to release 200,000 fishes back into Trang's main river. This is to conserve the fish species in the Tachin river, which is also what the communities in the areas were planning to do as well.



Climate Change

The Company has also given continual support to employees to have behaviour adjustment to become more environmentally friendly, including promoting the use of fabric bags instead of plastic bags to employees, reduce the use of papers by asking every employee to reuse one sided-paper, the use of bicycles instead of motor run vehicles within the factory grounds, planting more trees to increase green areas to reduce global warming, and the promoting of separating different types of wastes in order to properly recycle them or destroy them with appropriate procedures.



Sri Trang executives and board committee joined hands to plant trees inside factories' grounds

Moreover, the Company has joined in the Carbon Footprint of Products Project, which include RSS, TSR and Concentrated Latex, to calculate the amount of carbon dioxide emitted from the production and logistic processes, which would lead to better reduction of carbon dioxide emissions in the future. The Company has joined in the project since 2011, and since then it has three products from five companies within the Group which have received a certification guaranteeing the production of B to B (Business to Business) label from

the Thailand Greenhouse Gas Management Organization (Public Organization) as follow:

- 2011: RSS from Sri Trang Agro-Industry, Hat Yai branch.
- 2012: STR from Sri Trang Agro-Industry, Sikao branch and Nam Hua Rubber.
- 2012: Concentrated Latex from Rubberland Products, Hat Yai branch.
- 4. 2013: RSS from Sadao P.S. Rubber.

And in 2013, Trang branch has also joined the pilot project of carbon footprint organisation label, which was also certified by the Thailand Greenhouse Gas Management Organization (Public Organization). The operation has presented a plan for the reduction of carbon dioxide emissions from the use of electricity in organisation to approximately 65 tonnes/CO2e/year within 2014.













Community and Social Development

The Company fully realises that to have a sustainable business operation, it must include the participation of communities and social development within the Company's plans. Apart from improving each community's economy, the plan to development the community should also improve the quality of lives of the people, which the Company value as a vital goal. Since the Company's establishment, it has been participating in numerous activities and projects to help develop the communities and social as a whole.

Moreover, frequent visits to communities around the factories to inspect the impacts of the factories on the communities have improved the lives of the people living around the factories, particularly at the new plant in Northeastern region. The Company has constantly sent out employees to inspect the effects and needs of the communities nearby in order to use information to gain better development of the social.

Participation in Communities Development

Education

- Provided an annual education fund for community schools of Trang province.
- Launched a project to develope and restore schools, under the theme, "Sri Trang Volunteers to Develop Schools for the Children". The project was to restore and renovate libraries, playgrounds as well as provide sport equipment to schools where the factories are located to support better education in the areas. The Company further sent out its employees to provide basic knowledge to students such as how to correctly sort wastes, another effort by the Company to engage the children to help develop their communities.

In 2013, Sri Trang Agro-Industry, Udon Thani branch joined the CSR-DIW for Beginner, where employees of the branch had renovated the library's floors, repaint the playground, and build shoe shelves from unused materials from the factories for the first and second year of kindergarten students and grade 1-6 elementary school students at Baan Champa Prachanukroa School, Udon Thani province. The activity costed only about 10,000 baht and the works were completed by 25 volunteers from the Company, while also provided over 100 students with a playground for sports activities, shoe shelves and a beautiful library to be used during rainy days.



Students and Sri Trang's employees are carrying bag of soils to the library construction site



Shoe racks made of recyclable materials were given to many schools

Occupational Training and Living Condition Development

* The Fish for Lunch Project: Since the Company has dredged a pond to store rain water for production and has released fish into the pond, the Company then decided to initiate the project to provide more food for students and local residents in the areas.



The 1st Sri Trang Knowledge to the Community Project: Knowing about Rubber, was launched in conjunction with the Company's participation in the flagship project of the CSR-DIW Awards 2013. The project came about after Sri Trang Agro-Industry, Hat Yai branch held a seminar with surrounding communities and Subdistrict Administrative Organisation (SAO) in providing knowledge on rubber and how to produce quality RSS as well as quality latex as required by rubber factories. The first training session was given to the Baan Muan Kong Community of Moo 5 and 7, which was located near the factories in Hat Yai district. The project had provided rubber farmers with better knowledge on quality rubber, while also strengthen the relationships between the community and the factories.



The special project of, "Rubber Tapping Skill Development", was co-organised by the Company and the Office of the Rubber Replanting Aid Fund (ORRAF) to provide the correct procedure of rubber

tapping to inexperienced rubber farmers as well as to support the creation of new jobs in the community and to support the rubber industry in Thailand. The main target group for the project is the new rubber farms in the Northeastern part of the country, especially in the provinces that the Company has established business operations. On top of providing locals with an occupation and the correct ways to gain the best output from the rubber trees, rubber tapping is the skill that could be used throughout of a person's life to earn a living. The project also support the return of rubber tappers into the community, where local residents from Northeastern and the Northern regions, after attending the trainings, could return home to do the work at their own rubber farms or be employed in other rubber farms in the province. In 2012, the Company organised four training sessions of the project in Northeastern region, where the Company's fctories are located, including in, Mukdahan, Sakon Nakhon, Udon Thani and Loei provinces. Such project has created acccupation for more than 150 people in the provinces. The Company would focus to continue this project mainly in the Northeastern and the Northern part of Thailand where the Company intends to expand business into.



The 1st Rubber Tapper Skill Development Project for 30 participants



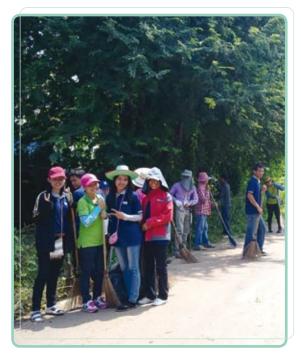
The Company's executive presented rubber tapping equipment to trainees who joined the programme

Good Environment

The Company has assisted in cleanliness development by cleaning up wastes in nearby communities such as community roads, monasteries, and schools to improve and rebuild good environmental atmosphere in the areas as well as to unity and sacrifice among the Company's employees. Moreover, the participation showed the Company's sincerity in trying to live sustainably with surrounding communities. The following branches of the Company have been participating in such activities, including, Sri Trang Agro-Industy, Surat Thani, Udon Thani, Hat Yai, Thung Song, Sikao, Trang, Rubberland Products, Hat Yai, and Sadao P.S. Rubber, etc.



Big cleaning day at Surat Thani branch



Activities held to develop Baan Koai village, Nongnakam subdistrict, Udon Thani province



Rubberland Products, Hat Yai held a Big Cleaning Day as well as repaint the buildings at Pracha Utit Rata Abbey

Past Supports of Social Developments Supports for Local Activities

Donated 400,000 baht to support the construction of new gateways of Mae Keao Temple, Chiang Rai province.



Gave support to local cultural and traditional activities, including long-tailed boat racing of Bungkan and Mukdahan provinces as well as local merit making ceremonies within the areas where the Company's factory is situated to uphold local cultural and traditional activities.



Recreation Supports

Donated funds to support the 39th Songkhla Nakarindhra University, Hat Yai Campus, Sports Competition.



Donated sporting equipment and sport shirts to different agencies such as the Subdistrict Administrative Organisation (SAO), in the areas where the Company's factories are located such as Champa Prachanukroa School, Baan Koai School and Baan Nong Wa Nong Pai School of Nong Na Kham subdistrict, Udon Thani province.



Supports for Community and Social Activities

Organised Children's Day activities, along with New Year celebrations for governmental offices, schools and communities, which included the hosting of the celebrations themselves within the Company's own activities or through donations to support the celebrations.



For example, representatives from the CSR of Sri Trang Agro-Industry, Udon Thani branch have donated shoe shelves and New Year presents to a Children Centre within the nearby community.

Assistance to Natural Disaster Victims and Unfortunate People

Funded the construction of four houses for flood victims in Surat Thani province in 2011 and provided relief packages to flood victims in the South and Northeastern regions of the country.





- Donated 1,000,000 baht to assist the construction of buildings at the Phra Dabos School in the Southern border region.
- Donated 500,000 baht to help victims of the Hai Yian Typhoon in the Philippines.





Social Innovations

Community

The Company has been the first rubber company in Thailand to invest in the study of plasma to treat odour emission from rubber drying, which in turn lowers the amount of water use, from wet scrubber system, and conserve water and reduce waste water from the system. Moreover, the Company has thrived to continue to improve the Company's odour emission management system to make sure that the surrounding communities would be least affected. And to further ensure such confidence, the Company has hired a team to go through trainings with the Department of Pollution Control in order for them to appropriately inspect the odour emission of each factory effectively.



Smelling the samples collected from pollution management system



The Company's visit to a village of Udon Thani to inspect the odour in the area

Unuse Material

The Company has made sure that no longer in used materials are recycled or put into good use. An example of this can be seen at the TSR factory of Udon Thani branch, where it is the model plant in using wooden box of synthetic rubber (SBR) to create shoe shelves, book shelves within the factories and to be donated to schools in need.



The Company donated shoe shelves to the Baan Champa Prachnukrao School of Udon Thani province



Advisers inspected a school development project at Udon Thani branch

Environment Concern

The promotion of the appropriate and accurate ways to deliver cup lump is another concern of the Company, as each delivery of this type of rubber could cause foul odour through the delivery routes.

With this bear in mind, the Company has sent out letters and giving out leaflets encouraging cup lump suppliers to install gutters and barrels to hold the runoff from rubber cup lump during each delivery as well as for every truck vehicle to cover the cup lump neatly in order to limit the smell of the rubber as much as possible. Furthermore, the Company has also promoted the knowledge of drying out the cup lump rubber for at least 3-5 days before selling it to the factories, to rubber farmers, so as to lower the excess latex from causing unwanted odour and making the deliveries easier.



Putting up promotion signs and giving out leaflets informing of the opening day for the Company to buy raw material cup lump at Ubon Ratchathani branch



Awards



PM Awards 2012



Good Environmental Governance at Trang branch



RSS Carbon Footprint Label of Sadao P.S. Rubber Co., Ltd.



Good Environmental Governance at Chumpon branch



RSS Carbon Footprint Label of Nam Hua Rubber Co., Ltd. and LTX of Rubberland Products Co., Ltd.



CSR-DIW Awards and CSR-DIW for Beginner 2013

Awards for 2010-2012



Sri Trang Agro-Industry, received the Prime Minister's Export Award 2012, presented to excellent exporters with over 5 billion baht worth of export value.



Rubberland Products Co., Ltd., Bungkarn branch received an award for its excellent well planned



out workplace and developments of human resources and was one of the selected winners for the "Love Your Mother, Love and Preserve the Water 2012" Award for the Northereastern region group for its cooperation to help preserve and rehabilitate rivers.



Nam Hua Rubber Co., Ltd., earned a special award on the Thai Association for Cooperative Education (TACE) Day.



Sri Trang Agro-Industry, Hat Yai branch earned the "Three Industries Unity Flag" for its efforts in improving the environment in Songkhla community.



Rubberland Products Co., Ltd., Buriram branch received the Good Environmental

> Governance award and was also was one of the selected winners for the "Love Your Mother, Love and Preserve the Water 2012" Award for the Northereastern region group for its cooperation to preserve and rehabilitate rivers.



Sri Trang Agro-Industry, Trang branch earned a certificate for Good Environmental Governance project under the Industry Ministry.



Sri Trang Agro-Industry, Thung Song branch has been certified by the Department of Industrial Works (DIW) for its environmental management system for both the first and second steps and has received a certificate for participating in the Good Environmental Governance project under the Industry Ministry.



Sri Trang Agro-Industry, Surat Thani branch received a certificate for participating in the Good Environmental Governance project under the Industry Ministry.



Sri Trang Agro-Industry, Karnchanadit branch received a certificate for participating in the Good Environmental Governance project under the Industry Ministry.



Sri Trang Agro-Industry, Sikao branch earned a certificate for participating in the Good Environmental Governance project under the Industry Ministry, a certificate from the Department of Primary Industries and Mines for its participation in the project of "Best Practice for Green Supply Chain", as a targeted industry for exports as well as has been certified to produce carbon footprint label for TSR.

Awards for 2013







- 1. Sri Trang Agro-Industry, Hat Yai branch was given the CSR-DIW Awards for its participation in the Flagship Project to Develop Factories to be Socially Responsible as an entrepreneur that is socially responsible in 2013. The branch was treated as a pilot branch that participated and was certified.
- 2. Sri Trang Agro-Industry, Udon Thani and Chumpon branches were awarded with the CSR-DIW for Beginner in 2013 which was a project to strengthen the potential of factories in environmental management and having social responsibility that is sustained. The CSR-DIW for Beginner project promoted each factory to take serious responsibility as the beginner CSR which only involves two categories of environmental concerns and participation in communities building and development for developing to the CSR-DIW project.



3. Rubberland Products, Buriram branch was awarded with a certificate for its participation in the Cleaner Technology project in 2013 from the Ministry of Industry.



4. Sri Trang Agro-Industry, Chumpon branch was certified by the Industry Ministry as an organisation that operates under the Good Environmental Governance.







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