

## Corporate Governance

### Corporate governance policy

We fully realized importance of good corporate governance as important mechanism to enhance our operation to be efficient and sustainable, which will create the best benefits to all stakeholders from employee, shareholders, investors, and other stakeholders. Therefore, the board of directors has considered and approved corporate governance policies/guidelines covering key aspects, i.e. structure, roles, duties, and responsibilities of board of director, as well as clear, transparent, and controllable management practices of management, in order to enhance confidence that our operation being fair and for the best benefits of all stakeholders.

The board of directors focus on corporate governance in 5 sections as follows:

#### Section 1: the rights of shareholders

Company focus on importance of the rights of shareholders, not only for the rights as indicated by laws, but also for the actions promoting shareholders to exercise its rights, as well as avoiding the actions prohibiting shareholders to exercise its rights. The fundamental rights of shareholders include buy/sell/transfer of shares, profit distribution, access to sufficient information announced by Company, attendance on shareholders meeting to vote on key agendas (i.e. appointment/removal of director(s), appointment of auditor, payment of dividend, amendment of company's regulation and memorandum of association, increase/decrease of capital, other key/special transactions, etc.)

#### Section 2: the equitable treatment of shareholders

Company has policy for fair treatment to all shareholders for both management and non-management shareholders, for both major and minority shareholders, for both Thai and foreign shareholders, in order to ensure fair and equal treatment.

#### Section 3: roles of stakeholders

Company focus on importance of roles of all stakeholders. In our business operation, we consider rights of all stakeholders and establish policy and guideline toward treatment of various stakeholders, including employee, shareholders, customers, trade counterparties, lenders, society, and environment.

#### Section 4: disclosure and transparency

Board of directors focus on disclosure of and transparency on information announced by Company, for both financial and non-financial information. Such disclosure shall be correct, transparent, complete, on timely manner, and in compliance to regulations of SEC and SET. The information to be disclosed cover also information that may have effect to price of our securities and be important consideration for investors and other stakeholders.

#### Section 5: responsibilities of the Board of Directors

- Structure of the board of directors

Board of directors shall consist of at least 5 members, with independent directors of at least 3 persons and at least 1/3 of total number of directors (as per regulations of SEC and SET). The members of the board consist of experienced expert from various fields, i.e. business, accounting, and finance, which related to and involved our business operation.

- Sub-committee

Board of directors appointed 4 sub-committee: Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Management Committee, in order to scrutinize and enhance business operation of Company as per established duties and responsibilities.

- Roles duties and responsibilities of directors
  - Corporate Governance

Company has intention to maintain high standard on good corporate governance, by focusing on good corporate governance announced by SET in 2012. We also announced guidelines related to good corporate governance, as approved by the board of directors, within our organization for strict compliance to such guidelines.

- Businessethics

Company has issued business ethics guideline, as approved by board of directors. We also announced such guideline internally and require strict compliance of directors, management, employees.

- Conflictofinterests

Transactions with related parties, which may result in conflict of interests, shall be considered by Audit Committee in details. Key related-parties transaction shall be approved by the board of directors and/or shareholders meeting, depending on type and size of transaction per regulations of the Capital Market Supervisory Board. The member of the board or management who has conflict of interest to the transaction shall not be involved in decision making of such transaction.

- Internalcontrolsystem

Company focus on importance of effective internal control system. Board of directors assigned Audit Committee to oversee internal control system of Company and its subsidiaries, including 5 areas: organization and environment, risk management, management practices, information system, and monitoring process. Audit Committee shall report the Board of Directors on assessment of internal control system.

- Channels for communication (whistleblowing)

Board of Directors set-up clear practices for whistleblower to report any alleged corruption practices through our website ([www.sermsang.com](http://www.sermsang.com)), or directly to Company's internal control officer. Such notification shall be directly report to dependent directors or Audit Committee for investigation and report to the Board of Directors.

- Riskmanagement policy

Board of Directors approved risk management policy covering the operation of our organization. Management is responsible to implement such policy and frequently reports back to the Board of Directors.

- Control of operation of subsidiaries/affiliates

As for our business as Holding Company, we focus on control of business operation of our subsidiaries and affiliates as indicated in our investment policy.

Company assigned directors and assigned personnel, who has experience and expertise in our business, to represent Company and resume position of director in subsidiaries/affiliates, in order to control their operation and report results back to the board of directors quarterly. Proportion of our board of directors in subsidiaries/affiliates shall be in-line with proportion of shareholding in such entities. In addition, board of directors shall approve key policies and control measures of such entity.