

KARMART

The Audit Committee Charter

Karmarts Public Company Limited

2024

The Audit Committee Charter is formulated to provide a comprehensive understanding to the Audit Committee regarding the objectives, components, qualifications, authorities, duties, and responsibilities in supporting the management of the Company's operations. This ensures the establishment of robust governance practices, operational efficiency, absence of conflicts of interest, and the presence of adequate internal controls and risk management systems for the equitable benefit of all stakeholders. This encompasses the preparation of financial reports in adherence to financial reporting standards, adequate disclosure of information, compliance with securities laws and regulations, as well as relevant regulations set forth by the Securities and Exchange Commission and related authorities. Additionally, it entails offering impartial counsel to optimize the Company's development in line with its enduring objectives.

With following key points:

1. Objective

The Audit Committee Charter is designed to equip the Audit Committee with a thorough understanding of its objectives, components, qualifications, authorities, duties, and responsibilities in overseeing and examining the Company's operations. This aims to ensure effective governance, operational efficiency, conflict-free practices, and the implementation of adequate risk management systems, all contributing to equitable benefits for all stakeholders.

The key objectives include steering the Company towards sustainable long-term development in accordance with ESG (Environmental, Social, and Corporate Governance) principles, which are increasingly favored by global investors. Additionally, the Committee provides independent opinions and recommendations to optimize the Company's operations and achieve its defined objectives efficiently.

Serving as a vital tool, the Audit Committee assists in lightening the load of the Company's Board of Directors, enabling them to focus on other significant management matters. It oversees and scrutinizes crucial areas such as financial reporting processes, internal control systems, audit procedures, risk management, and compliance with laws, regulations, and ethical standards.

The Committee works closely with the Company's management, internal auditors, and external auditors to ensure the effective execution of operations. Furthermore, it is responsible for evaluating its performance and reporting the results to the Company's Board of Directors annually.

2. Independence

The Audit Committee is required to provide opinions and reports independently as delegated, without any consideration of personal gain or position, and without being influenced by any individual or group. Furthermore, there should be no circumstances that could force the Audit Committee members to withhold their opinions.

3. Authority and Duties

- 3.1 Participate in reviewing and providing collaborative opinions with the Managing Director of Karmarts Public Company Limited on matters concerning the appointment, transfer, removal, determination of compensation, and annual performance evaluation of the internal audit manager. In the absence of an internal audit department, the Audit Committee is tasked with sourcing and engaging external legal entities possessing the requisite knowledge, skills, and audit experience to fulfill these duties.
- 3.2 Scrutinize and approve the charter of the internal audit department, the internal audit plan, and the annual budget of the internal audit department, with a minimum frequency of once per year.
- 3.3 Evaluate and update the Audit Committee Charter, seeking endorsement from the Board of Directors of Karmarts Public Company Limited every 3 years.
- 3.4 Assess, select, and propose the appointment of independent individuals or legal entities to serve as auditors for Karmarts Public Company Limited, including recommending their compensation.
- 3.5 Conduct joint meetings with management and auditors as deemed necessary and appropriate.

4. Role and Responsibilities

The Audit Committee has defined roles, duties, and responsibilities in various aspects as follows:

- 4.1 Review the quarterly and annual financial reports of Karmarts Public Company Limited and its subsidiaries to ensure they accurately, comprehensively, and reliably reflect the financial position, provide trustworthy disclosures of material information, and adhere to accounting standards.
- 4.2 Ensure Karmarts Public Company Limited maintains adequate and effective internal control, internal audit, and risk management systems.
- 4.3 Verify Karmarts Public Company Limited's compliance with securities laws and regulations, Stock Exchange of Thailand requirements, and other relevant legislation governing its operations.
- 4.4 Assess interrelated transactions or potential conflicts of interest to ensure compliance with the laws and regulations of the Stock Exchange of Thailand.
- 4.5 Compile the Audit Committee's operational report, included in Karmarts Public Company Limited's annual report, endorsed by the Audit Committee Chairman, and containing, at minimum, the following information:
 - 4.5.1 Provide independent assessments of the accuracy, completeness, timeliness, and reliability of Karmarts Public Company Limited's financial reports.
 - 4.5.2 Offer insights into compliance with securities laws, regulations of the Stock Exchange of Thailand, and other relevant legal frameworks governing Karmarts Public Company Limited's business operations.
 - 4.5.3 Evaluate interrelated transactions or potential conflicts of interest.

4.5.4 Assess the adequacy and suitability of Karmarts Public Company Limited's internal control systems and risk management practices, including various risks such as operational, investment, inventory depreciation, information technology (IT), competitive business, exchange rate, etc.

- Operational and system execution risks
- Investment risks
- Inventory depreciation risks
- Risks associated with the management of information technology (IT) systems
- Risks from highly competitive business environments and product imitation
- Foreign exchange rate risks
- And others

4.5.5 Provide independent perspectives on Karmarts Public Company Limited's long-term sustainable development strategy aligned with ESG (Environment Social Governance) principles, which are currently of interest to global investors.

4.5.6 Review the suitability of audit examinations conducted by external auditors.

4.6 Review and refine audit criteria and methodologies to ensure they are well-suited to the business environment.

4.7 If external auditors report findings or suspicions regarding significant financial and operational impacts on Karmarts Public Company Limited, promptly inform the Board of Directors to take corrective actions within a reasonable timeframe as determined by the Audit Committee. These findings or suspicions may encompass:

4.7.1 Conflicting or interrelated transactions.

4.7.2 Fraudulent activities, anomalies, or significant deficiencies in internal control systems.

4.7.3 Breaches of securities laws, regulations of the Stock Exchange of Thailand, and other laws relevant to Karmarts Public Company Limited's business operations, as stipulated.

5. Composition of the Audit Committee

5.1 The Audit Committee of Karmarts Public Company Limited appoints a minimum of 3 independent directors from the Company's Board of Directors to serve as audit committee members, with at least 1 member possessing expertise in accounting, finance, or business management. If deemed necessary, the Audit Committee may propose the engagement of specialized consultants, subject to approval from the Company's Board of Directors.

5.2 The Board of Directors of Karmarts Public Company Limited is tasked with appointing the Chairman of the Audit Committee, or alternatively, the selected members of the Audit Committee

may designate one of their members to fulfill this role. Additionally, the Internal Audit Manager assumes the role of the Audit Committee secretary by position.

6. Qualifications of Audit Committee Members:

All members of the Audit Committee must possess the qualifications of an independent director as outlined in the Securities and Exchange Commission (SEC) announcement regarding the criteria for director and audit committee member appointments. These qualifications include:

- 6.1 Independence: Ability to exercise judgment independently, with integrity and fairness.
- 6.2 Integrity and Ethical Conduct.
- 6.3 Trustworthiness and General Acceptance.
- 6.4 Knowledgeable about Karmarts Public Company Limited's business, products, and services.
- 6.5 Understanding of sound management principles, analytical skills, and effective decision-making abilities, capable of analyzing and evaluating solutions.
- 6.6 Strong Interpersonal Skills.
- 6.7 Ability to contribute creative insights during discussions and to listen attentively to others' opinions.
- 6.8 Not serving as an executive director or holding policymaking or decision-making authority within Karmarts Public Company Limited, except in cases of management issues (disclosure of such involvement must be made during committee meetings.)
- 6.9 No direct business affiliations with Karmarts Public Company Limited, such as serving as a business or legal consultant.
- 6.10 No close familial ties or representation of the Company's management.
- 6.11 Capable of performing duties, expressing opinions, or reporting task results as assigned independently of the control of the board or management of Karmarts Public Company Limited.
- 6.12 Capacity to dedicate sufficient time and attention to fulfill the duties of an audit committee member effectively.
- 6.13 Hold no more than three concurrent audit committee positions in other organizations, ensuring the ability to perform duties effectively without conflict.

7. Relationship with the Management

Engage with the administration of Karmarts Public Company Limited to discuss various matters impacting financial reporting, operations, legal compliance, and regulatory obligations.

8. Relationship with Internal Audit Management

- 8.1 Review and understand the charter, scope of work, and responsibilities of the internal audit function.

- 8.2 Evaluate the organizational structure of the internal audit department to ensure its suitability for the operational context of Karmarts Public Company Limited.
- 8.3 Assess the annual audit plan to ensure alignment with the Company's objectives and risks, and approve it accordingly.
- 8.4 Review the quarterly audit reports prepared by the internal audit department and submitted by the Internal Audit Manager.

9. Relationship with External Auditor

Convene at least 4 meetings per year to review quarterly and annual financial statements, with at least one meeting being exclusive without management attendance, to discuss the quality of accounting principles, financial disclosures, accounting improvements, and improper practices.

10. Term of Office

- 10.1 An audit committee members serve a term of up to 3 years, either from the date of appointment or as directors of Karmarts Public Company Limited.
- 10.2 Former audit committee members may be reappointed for another term upon completion of their initial term.

11. Termination of Position

An auditor may vacate their position due to:

- 11.1 Completion of the designated term
- 11.2 Lack of qualifications
- 11.3 Death
- 11.4 Resignation or removal
- 11.5 Legal sanctions: If sentenced to imprisonment as per a court judgment or lawful order, except in cases of offenses committed unintentionally or without criminal intent.
- 11.6 Incapacity: If the member becomes incapacitated or is deemed incapable.
- 11.7 Dissolution

12. Audit Committee Meeting

- 12.1 The Audit Committee must hold meetings at least 5 times per year, with a quorum consisting of the chairman and/or at least two audit committee members out of three.
- 12.2 The Audit Committee may invite members of management, internal auditors, or relevant individuals to attend meetings as necessary. Meetings specifically involving management or internal auditors must be regularly scheduled at least once a year.

- 12.3 An Audit Committee member who has a vested interest in a matter under consideration is prohibited from participating in the deliberation or voting on that matter. Each audit committee member casts one vote, with decisions based on a majority vote. The secretary of the Audit Committee does not possess voting rights. In case of a tie, the Chairman of the Audit Committee has the authority to cast an additional deciding vote to establish a majority.
- 12.4 Agendas and supporting documents for meetings, especially draft financial reports for quarterly and annual periods, must be prepared and circulated 3 - 7 days prior to the meeting. The secretary of the Audit Committee shall record the minutes of the meeting.

In adherence to these guidelines, the Audit Committee must rigorously uphold its responsibilities as outlined in this charter.

Signature _____ – *Signed* –

Mr. Wiwat Theekhakhirikul

Chairman of the Board

Karmarts Public Company Limited

Signature _____ – *Signed* –

Lt. Gen. Kobboon Vichit

Chairman of the Audit Committee

Karmarts Public Company Limited

This charter has been ratified at the Audit Committee Meeting:

8/2023 Date: December 19th, 2023

And obtained approval from the Board of Directors of Karmarts Public Company Limited:

1/2024 Date: February 28th, 2024