

KARMART

8 PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Approved by Resolution No. 1/2025 of the Board of Directors
on February 24, 2025, effective from February 25, 2025.

KARMARTS PUBLIC COMPANY LIMITED

8 PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Principle 1: The Roles and Responsibilities of the Board of Directors as Organizational Leaders in Creating Sustainable Value for the Business

1. The Board of Directors actively participates in establishing and approving the Company's vision, mission, strategies, business objectives, and budgets. Additionally, the Board oversees the management to ensure effective and efficient execution of these plans and budgets, aiming to maximize economic value for the business and long-term stability for shareholders. The Company has also implemented an effective internal control system, internal audit processes, and risk management measures, with regular monitoring of their performance to ensure ongoing efficiency and effectiveness.
2. The Board of Directors has established ethical guidelines and a code of conduct for directors, executives, and employees to acknowledge and adhere to. Ethical and responsible business practices contribute to effective internal control and good corporate governance, which are interconnected and continuously reinforced through processes established within the Company.
3. The Board of Directors is responsible for ensuring that all directors and executives perform their duties with accountability, diligence, and integrity toward the organization. They must comply with laws, regulations, and resolutions of the shareholders' meetings.
4. The Board of Directors recognizes its role, scope of authority, and responsibilities. It has clearly outlined the duties and responsibilities of the Board of Directors, the Audit Committee, and the Management Team, ensuring that each performs their assigned roles efficiently and effectively.

Principle 2: Establishing Business Objectives and Key Goals for Sustainability

- 2.1 The Board of Directors establishes the Company's business objectives and goals to create sustainable value for shareholders, customers, business partners, employees, and the community. It promotes effective communication and ensures that the Company's core objectives and goals are consistently reflected in decision-making and operational processes at all levels. This commitment is ingrained in the corporate culture, fostering a shared vision of long-term sustainability and responsibility.
- 2.2 The Board of Directors ensures that short-term and annual objectives align with the Company's core objectives and long-term goals. This oversight considers the business environment, various risk factors, and compliance with applicable laws, corporate objectives, and regulations, ensuring that all strategic initiatives contribute to the Company's sustainable growth and overall mission.

Principle 3: Enhancing the Effectiveness of the Board of Directors

- 3.1 The Board of Directors is responsible for defining and reviewing the board structure, including its size, composition, and the proportion of independent directors. This guarantees the Board remains appropriately structured in a way necessary for guiding the organization toward its defined objectives and key goals, as follow:
 - 3.1.1 The Board of Directors must ensure that its composition reflects a diverse range of qualifications, encompassing skills, experience, expertise, and specific attributes essential for achieving the organization's objectives and goals. This ensures that the Board, collectively, is well-equipped to comprehend and address the needs of stakeholders. In addition, at least one non-executive director must possess experience in the Company's core business or industry.
 - 3.1.2 The Board of Directors determines the appropriate number of board members to ensure effective performance of duties, with no fewer than 5 and no more than 12 directors. The exact number depends on the size, type, and complexity of the business from time to time.

- 3.1.3 The Board of Directors must include at least half independent directors, with a minimum of 3 independent directors. These independent directors must be free from management control and must not have any financial or administrative interests in the Company. They must fully meet the required qualifications and fulfill their duties and responsibilities in accordance with applicable laws, regulations, announcements, and relevant guidelines.
- 3.1.4 The Board of Directors discloses the policy on board composition diversity, along with director-related information such as age, gender, educational background, experience, shareholding ratio, tenure as a director, and directorships in other listed companies, in the annual report and on the Company's website.
- 3.1.5 The appointment of the Board of Directors is determined through the shareholders' meeting, with a term of 3 years per appointment. Directors who retire upon completing their term may be re-elected via the shareholders' meeting.
- 3.1.6 The Board of Directors appoints a Company Secretary to perform duties as required by law and carry out additional responsibilities as assigned by the Board.
- 3.2 The Board of Directors selects and appoints a qualified individual as Chairman and ensures that the composition and operations of the Board facilitate independent decision-making. If the Chairman is not an independent director, the Board jointly decides whether to appoint an independent director to participate in setting the Board meeting agenda, targeted to promote a balance of power between the Board and management.
- 3.2.1 The Board of Directors does not require the Chairman to be an independent director.
- 3.2.2 The Chairman of the Board of Directors serves as the leader of the Board, with responsibilities that include, at a minimum, the following:
- 1) Preside over meetings of Shareholders.
 - 2) Preside over meetings of Board of Directors.

- 3) Cast the deciding vote in the event of a tie.
- 4) Convene Board meetings and set the meeting agenda in consultation with the Managing Director, ensuring that significant matters are included for discussion.
- 5) Supervise, monitor, and verify that the Board of Directors effectively fulfills its duties.
- 6) Ensure that all board members actively contribute to fostering an ethical corporate culture and good corporate governance.
- 7) Allocate sufficient time for management to present matters and for board members to thoroughly discuss key issues, encouraging careful judgment and independent opinions.
- 8) Foster strong relationships between executive and non-executive board members, as well as between the Board and the Management team.

3.2.3 The Managing Director holds authority, duties, and responsibilities as determined by the Board of Directors.

3.2.4 If the Chairman of the Board and the Managing Director are the same individual, the Company has put in place the following measures:

- 1) If the Chairman of the Board or the Managing Director has a conflict of interest, they must leave the meeting room and abstain from voting on the relevant agenda item.
- 2) The Vice Chairman of the Board shall preside over the meeting in the absence of the Chairman. In the event that there is no Vice Chairman, or the Vice Chairman is unable to fulfill this duty, a designated Board member shall be selected to serve as the meeting chair for the respective agenda item.

- 3.2.5 The Board of Directors does not impose a specific term limit for independent directors. However, if an independent director serves for more than 9 consecutive years from the date of their initial appointment, the Board will reasonably assess the necessity of their continued tenure.
- 3.2.6 The Board of Directors appoints subcommittees to consider specific matters, review relevant information, and propose courses of action for the Board's consideration.
- 3.2.7 The Board of Directors ensures the disclosure of the roles and responsibilities of the Board and its subcommittees, the number of meetings attended by each director in the past year, and the performance reports of all subcommittees.
- 3.3 The Board of Directors oversees the nomination and selection process for each committee, ensuring transparency and clarity to form subcommittees with qualifications that align with the established composition criteria.
- 3.4 The Board of Directors reviews the structure of and remuneration rates paid to directors to ensure they are appropriate to the responsibilities and serve as an incentive for the Board to steer the organization toward accomplishments of both short-term and long-term goals. The proposed structure and remuneration rates for the Board of Directors are submitted for shareholder approval.
- 3.5 The Board of Directors oversees and ensures that all directors fulfill their responsibilities diligently and allocate sufficient time to perform their duties effectively.
- 3.6 The Board of Directors has established framework and mechanisms to oversee the policies and operations of subsidiaries and affiliated companies at a level appropriate to each entity. Additionally, it ensures that subsidiaries and affiliated companies have a clear and consistent understanding of these policies and operational guidelines.
- 3.7 The Board of Directors conducts an annual performance evaluation of the Board and its subcommittees. The results of these evaluations are utilized to enhance and improve their effectiveness in fulfilling their responsibilities.
- 1) The Board of Directors and its subcommittees conduct a performance evaluation at least once a year.
 - 2) The Board of Directors utilizes the evaluation results to enhance the performance of both the Board and its subcommittees.

- 3.8 The Board of Directors oversees that each director possesses a comprehensive understanding of their roles, the nature of the business, and the relevant laws governing its operations. Additionally, the Board encourages continuous skill enhancement and knowledge development for all directors to effectively fulfill their responsibilities.
- 3.9 The Board of Directors ensures that its operations are conducted smoothly, with access to necessary information. Additionally, the Board appoints a Company Secretary with the required knowledge and experience to effectively support the Board's functions.
- 3.9.1 The Board of Directors establishes a meeting schedule and agenda in advance to allow directors to allocate their time accordingly and ensure their participation.
- 3.9.2 The Board of Directors determines the number of meetings to be held, ensuring a minimum of 4 meetings per year.
- 3.9.3 The Board of Directors ensures the establishment of a mechanism that allows each director, as well as the Management Team, to independently propose matters beneficial to the Company for inclusion in the meeting agenda.
- 3.9.4 Meeting documents are distributed to the directors at least 5 business days in advance of the meeting.
- 3.9.5 The Board of Directors maintains access to necessary information from the Managing Director, the Company Secretary, or other designated executives within the scope of the established policies.
- 3.9.6 The Board of Directors provides non-executive directors with the opportunity to hold meetings among themselves as necessary to discuss various issues without the presence of the Management. The outcome of these meetings is thereafter reported to the Managing Director.
- 3.9.7 The Board of Directors has appointed a Company Secretary, whose duties comply with the Securities and Exchange Act. Additionally, the Board ensures continuous training and knowledge development for the Company Secretary to enhance their effectiveness in performing their responsibilities.

Principle 4: Selection and Development of Senior Executives and Personnel Management

- 4.1 The Board of Directors undertakes measures to facilitate the finest selection and development of the Chief Executive Officer and senior executives with the necessary knowledge, skills, experience, and attributes required to drive the organization toward its objectives.
- 4.2 The Board of Directors supervises the establishment of a fair and appropriate compensation structure and performance evaluation framework at all levels.
- 4.3 The Board of Directors maintains a policy to understand the structure and relationships of shareholders that could influence the Company's management and operational control. This approach ensures that these factors do not impede the Board's ability to carry out its responsibilities effectively. Furthermore, the Board prioritizes the proper disclosure of any information relevant to corporate control.
- 4.4 The Board of Directors oversees the management and development of personnel to ensure they possess the appropriate knowledge, skills, experience, and motivation to serve the Company in areas and ways as intended.

Principle 5: Promoting Innovation and Responsible Business Operations

- 5.1 The Board of Directors places great importance on and actively supports the development of innovations that generate value for the business while simultaneously benefiting customers and stakeholders. These innovations are pursued with a strong commitment to social and environmental responsibility.
 - 5.1.1 The Board of Directors promotes the development of innovations that enhance product and service value, establish industry standards, and improve operational processes. These innovations are aligned with the Company's strategic direction and overall business objectives.
 - 5.1.2 The Board of Directors encourages the continuous advancement of business innovations in response to evolving environmental factors. This includes enhancing production processes, improving operational efficiency, and fostering innovation through collaboration with business partners to strengthen the Company's competitive edge.

- 5.2 The Board of Directors monitors and assures that the Management conducts business responsibly towards society and the environment. This commitment is reflected in the operational plan to guarantee that all organizational units align their actions with the Company's objectives, core goals, and strategic plans.
- 5.2.1 The Board of Directors recognizes and values the rights of all stakeholders, including all rights granted by law or otherwise. It ensures that these rights are protected and that all stakeholders are treated fairly and equitably. To uphold this commitment, the Company has established policies as guidelines for engaging with each stakeholder group while also considering the community, society, and the environment for sustainable development. Additionally, the Company maintains a strong stance against fraud and corruption, respects intellectual property rights, and adheres to human rights principles.
- 5.2.2 The Board of Directors facilitates the establishment of channels and procedures through which all stakeholders can report or file complaints regarding matters that concern damage to the Company, accuracy of financial reports, or issues of unfair treatment.
- 5.2.3 The Board of Directors advocates for the inclusion of a Corporate Social Responsibility (CSR) report as a key component of the annual report.
- 5.2.4 The Board of Directors has also established policies and guidelines to protect employees or whistleblowers who report matters that may cause harm to the Company or involve unfair treatment. These protections are outlined in the Company's Business Ethics and the Code of Ethics for Directors, Executives, and Employees.
- 5.3 The Board of Directors monitors and oversees the efficient and effective management of resources in adherence to the following guidelines, while considering impacts and developments of resource deployment throughout the supply chain to ensure sustainability.
- 5.3.1 Conduct business in compliance with laws, regulations, and environmental policies, while considering the impact on natural resources and the environment, and regularly review and assess operational performance to ensure alignment with sustainability goals.

- 5.3.2 Foster an organizational culture that instills awareness at all levels, encouraging collaboration and responsibility in environmental management, while promoting the efficient and sustainable use of resources.
- 5.3.3 Promote knowledge and provide training to all employees on environmental awareness and sustainability.
- 5.3.4 Promote an environmental management system that emphasizes resource efficiency, including measures for treatment, restoration, substitution, monitoring, and prevention of environmental and natural resource impacts in a sustainable manner.
- 5.3.5 Implement a supplier selection system within the supply chain that prioritizes environmentally-friendly business practices.
- 5.3.6 Promote the development and dissemination of environmentally friendly technology.
- 5.4 The Board of Directors integrates information technology to enhance business opportunities and improve operations to achieve the Company's objectives and goals.
 - 5.4.1 The Board of Directors manages information technology resources to ensure they are adequate for business operations.
 - 5.4.2 The Board of Directors has implemented policies and measures to safeguard the security and stability of the information systems.

Principle 6: Establishing an Effective Risk Management and Internal Control System

- 6.1 The Board of Directors has established effective risk management and internal control system that align with relevant laws and standards.
 - 6.1.1 The Board of Directors ensures that its members possess the necessary knowledge and understanding of key business risks.
 - 6.1.2 The Board of Directors has instituted an internal audit unit within the Company, with a reporting line to the Audit Committee, and covering the following areas:
 - Conduct reviews to ensure the Company maintains an appropriate internal control system.
 - Review and establish internal control measures, with a focus on significant irregularities.

- 6.2 The Board of Directors has appointed an Audit Committee empowered to carry out its duties with effectiveness and independence.
- 6.2.1 The Audit Committee consists of at least 3 directors, all of whom must be independent directors and possess the qualifications and fulfill the responsibilities as prescribed by the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 6.2.2 The Board of Directors has also established the Audit Committee Charter, defining the term of office, scope of authority, and responsibilities to clearly delineate roles and duties.
- 6.3 The Board of Directors has established policies to address potential conflicts of interest between the Company and its directors, management, or shareholders. These policies also include measures to prevent the improper use of the Company's assets, information, and business opportunities, as well as the execution of transactions with related parties.
- 6.3.1 The Board of Directors supervises the implementation of an information security system, which includes establishing policies and procedures to ensure confidentiality, credibility, and availability of data. This also extends to managing market-sensitive information that may impact stock prices. Additionally, the Board ensures that directors, senior executives, employees, and relevant external parties comply with the Company's information security protocols.
- 6.3.2 The Board of Directors ensures the management and monitoring of transactions that may present conflicts of interest. It also oversees the establishment of guidelines and procedures to ensure that such transactions comply with legal requirements and disclosure obligations. The primary focus is to safeguard the interests of the Company and its shareholders, ensuring that interested parties do not participate in the decision-making process.
- 6.3.3 The Board of Directors requires each board member to disclose any conflicts of interest before deliberating on agenda items in board meetings. Such disclosures are recorded in the meeting minutes. Additionally, any director with a conflict of interest must leave the meeting room and is not permitted to vote on the respective agenda item.

- 6.4 The Board of Directors has established a clear anti-corruption policy, which is communicated across all levels of the organization and to external parties to ensure its effective implementation. Additionally, the Board initiates programs and guidelines to combat corruption, and supports activities that promote and instill compliance with relevant laws and regulations among all employees.
- 6.5 The Board of Directors has overseen the establishment of mechanisms for receiving complaints and handling whistleblower reports, with clear guidelines outlined in the Company's Whistleblower Policy on fraud and misconduct. Additionally, the Company ensures that the channels for submitting complaints are publicly disclosed on its website or in the annual report.

Principle 7: Maintaining Financial Credibility and Disclosure

- 7.1 The Board of Directors is responsible for ensuring that the financial reporting system and information disclosure are accurate, sufficient, and timely, in compliance with financial reporting standards and relevant regulations.
- 7.1.1 The Board of Directors guarantees that personnel responsible for financial reporting and information disclosure possess the necessary knowledge, skills, and experience relevant to their duties and responsibilities. Additionally, the Board ensures that there is a sufficient number of such personnel, including the Managing Director, Chief Financial Officer, accountants, internal auditors, the Company Secretary, investor relations officers, and other relevant parties.
- 7.1.2 The Board of Directors approves the disclosure of financial reports and prepares the Report of the Board of Directors' Responsibility for Financial Statements.
- 7.1.3 The Board of Directors ensures that disclosures, including financial statements and the annual report (Form 56-1), adequately reflect the Company's financial position and operating results. Additionally, Management Discussion and Analysis (MD&A) is provided to accompany the disclosure of quarterly and annual financial statements.
- 7.1.4 The Company ensures that any disclosures related to transactions involving the Board of Directors and Executives comply with the regulations set forth by the Securities and Exchange Commission, the Stock Exchange of Thailand, and any applicable laws.

- 7.2 The Board of Directors monitors and ensures the adequacy of financial liquidity and the Company's ability to meet its debt obligations.
- 7.3 If the Company encounters financial difficulties or is at risk of facing such challenges, the Board of Directors will ensure that the Company has a plan or alternative mechanisms in place to resolve financial issues. This will be carried out with due consideration for the rights of stakeholders and in a reasonable manner.
- 7.4 The Board of Directors considers the preparation of a sustainability report as appropriate.
- 7.4.1 The Board of Directors considers the appropriateness of disclosing information related to compliance with laws, business ethics, and the code of conduct for directors, executives, and employees. This includes the anti-corruption policy, fair treatment of employees and stakeholders, adherence to fairness and respect for human rights, as well as corporate social and environmental responsibility. The disclosure is made in consideration of nationally or internationally recognized reporting frameworks and may be included in the annual report.
- 7.4.2 The Board of Directors guarantees that disclosed information is material and accurately reflects practices that contribute to the sustainable creation of value for the Company.
- 7.5 The Board of Directors oversees that the management assigns the information department or relevant senior executives to communicate with investors, institutions, shareholders, analysts, and relevant government agencies. As activities in this area remain limited, investors can request for such specific company information by calling 0-2805-2756-60 or visiting the website: www.karmarts.co.th.
- 7.6 The Board of Directors promotes the use of information technology for data dissemination. In addition to disclosing information in accordance with the required regulations and through the Stock Exchange channels, the Board ensures that information is also made available in both Thai and English through other platforms, such as the Company's website, with regularly updated and current information.

Principle 8: Encouraging Participation and Communication with Shareholders

- 8.1 The Board of Directors provides shareholders with the opportunity to participate in decision-making on significant matters concerning the Company.
- 8.1.1 The Board of Directors acknowledges and respects shareholders' ownership rights, ensuring that actions which may potentially infringe upon or deprive them of these rights are nonexistent. The Board is dedicated to safeguarding the interests of shareholders equitably, while encouraging and facilitating the exercise of their rights. This commitment extends to all shareholder groups, whether domestic or international, including major shareholders, minority shareholders, and institutional investors. The Board upholds essential shareholder rights, such as access to comprehensive and timely information, and the right to participate in shareholder meetings to influence the Company's direction and make decisions on matters of significant impact.
- 8.1.2 The Board of Directors takes responsibility for aligning the agenda of the Annual General Meeting of Shareholders with the Company's regulations and relevant laws. Each agenda item is also accompanied by a clear explanation and rationale in the meeting notice, aiding shareholders in understanding and making well-informed decisions.
- 8.1.3 The Board of Directors guarantees that the notice for the Annual General Meeting of Shareholders includes accurate and comprehensive information, along with relevant supporting documents. The notice is prepared in both Thai and English and made available on the Company's website at least 28 days before the meeting.
- 8.1.4 The Board of Directors treats all shareholders fairly and equally, ensuring that shares of the same type carry equal voting rights, with one share corresponding to one vote.
- 8.1.5 The Board of Directors encourages shareholders who are unable to attend the meeting in person but wish to exercise their voting rights to do so through proxy authorization. Hence, the Company offers independent directors as proxy representatives, allowing shareholders to designate one of the independent directors to vote on their behalf.

8.2 The Board of Directors ensures that shareholder meetings are conducted in an orderly, transparent, and efficient manner, enabling shareholders to exercise their rights effectively, including:

8.2.1 Setting the date, time, and venue of the meeting with consideration for the convenience of shareholders.

8.2.2 Making sure that no action is taken to restrict shareholders' opportunity to attend the meeting.

8.2.3 Promoting the use of technology in shareholder meetings, such as barcode systems or other innovations, to enhance the efficiency of the meeting.

8.2.4 The Board of Directors has set the following guidelines for shareholder meetings:

- The Chairman of the Board shall preside over the shareholder meeting.
- No additional agenda item shall be introduced without prior notice.
- The Board of Directors, Chairpersons of subcommittees, the highest-ranking executive in charge of accounting and finance, and other relevant executives must attend the meeting.
- Before the meeting commences, the number and proportion of shareholders attending in person and by proxy, the meeting procedures, voting methods, and vote-counting process shall be announced.
- The election of directors shall be conducted on an individual basis.
- The agenda regarding directors' remuneration shall be subject to shareholder approval.
- Ballots shall be used for voting, with independent persons serving as witnesses during the vote-counting process.

8.3 The Board of Directors ensures that the disclosure of meeting resolutions and the preparation of shareholder meeting minutes are accurate and complete. After each shareholder meeting, the Board oversees the compilation of meeting content, which includes:

8.3.1 The disclosure of shareholder meeting resolutions, including voting results for each agenda item, is made within the next business day through the Stock Exchange of Thailand's news system and the Company's website.

8.3.2 The preparation of shareholder meeting minutes includes recorded explanations of voting procedures, names of attending board members, subcommittee members, and executives, meeting duration, voting results for each agenda item, as well as questions and answers. The minutes are published on the Company's website and submitted to the Stock Exchange of Thailand (SET) and/or relevant authorities within 14 days from the meeting date, in compliance with the regulations of the Securities and Exchange Commission (SEC) and the SET.