

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

Introduction

The Board of Directors (the “Board”) will provide strategic guidance to the Company, the effective monitoring of management through oversight and be accountable to the Company and the shareholders. Notwithstanding the above, the Board however, will be responsible for all affairs of the Company, including statutory, mandatory and legislative compliance. The key purpose of the Board is to ensure the Company’s prosperity by collectively directing the Company’s affairs, whilst meeting the appropriate interests of its shareholders and relevant stakeholders.

Board Composition

The Board of Directors of the Company shall at a minimum consist of five (05) Directors. The Company recognizes the importance of reflecting the Company’s culture, traditions, ethos and values in the decision making process of the Company and also the independence and objectivity in that process. In pursuing a balance, the Company should work towards maintaining a composition which is representative of executive, non-executive and independent directors as the Board thinks fit from time to time whilst meeting the legal and regulatory requirements. The Company also recognizes the need for diversity in the composition of the Board in order to function effectively.

Chairperson and CEO

The Chairperson- The Chairperson shall be a Non-Executive Director. The Chairperson carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders.

The CEO -The position of the CEO (if a CEO is appointed) in essence is to ensure the effective implementation of the Company’s strategic plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation.

- The CEO is accountable to the Board for the achievement of the Company’s goals and objectives and the CEO is accountable to the Board for the observance of management limitations.
- The CEO is expected to act within all specific authorities delegated to him or her by the Board.

Roles of Chairperson and CEO to be not combined

The Board should recognize the importance of having clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority.

In the event the CEO and other members of the senior management are also members of the Board, the responsibility of the Board needs to be clearly differentiated with that of the running of the business. This is to ensure a balance of power and authority, such that no one individual/s has unfettered powers of decision making.

The position of Chairperson and CEO shall not be held by the same person.

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If the Chairperson and the CEO is the same person, if the Chairperson is an Executive Director or the Chairperson and the CEO are Close Family Members or Related Parties as per the definitions in the Corporate Governance Rules of the CSE, then the Company should appoint an Independent Director as the Senior Independent Director (“SID”) and follow the applicable Rules in the Corporate Governance Rules of the CSE relating to the SID.

Procedure of Appraisal of the Board and CEO

The Board should undertake an evaluation of the Board and the CEO (if any) at least annually according to criteria and procedure set out by the Board.

Maximum number of directors

The Board shall consists of a maximum of eight (08) Directors at any given time and the said number is deemed appropriate from the perspective of efficiency in decision making, effective governance, board dynamics, reduced costs and logistics and enhanced board effectiveness.

Directors to be kept abreast with Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under the Rules

The Company will provide new directors with materials, briefings and additional educational opportunities to permit them to become familiar with the Company and its corporate governance rules and other legal and regulatory requirements. Directors also are encouraged to attend recognized director education programs at the Company’s expense.

Frequency of Board Meetings and the minimum number of meetings a Director must attend

Board Meetings will be conducted on a quarterly basis and on an ad-hoc basis as deemed necessary. Directors and the Company Secretary are required to attend the Board Meetings. The Directors shall endeavor to attend all Board Meetings but shall attend at least a minimum 75% of Board Meetings per annum in person or by means of audio or audio-visual communication method or platform specified by the Board, unless they have sought and been granted permission by the Chairman on any valid grounds of inability to attend.

Any member of the staff, external parties such as auditor, lawyers and consultants may be invited to attend as and when the need arises.

Trading in securities of the Company and its Group

Directors are named as Restricted Person in the Carson Cumberbatch PLC and Bukit Darah PLC Group Share Trading Policy and are advised to comply with the same.

Maximum number of Directorships

Serving on the Board requires significant time and attention. Directors are expected to spend the time needed and meet as often as necessary to discharge their responsibilities efficiently. Accordingly, Directors shall not hold directorships and Alternate Directorships in more than 12 listed companies incorporated in Sri Lanka excluding companies of their primary employment and own businesses. Notwithstanding herein Executive Directors and CEO's/GM's should not take up directorships on boards outside the Group without the prior written approval of the Board which approval shall be subject to an internal process giving consideration to time commitments etc.

Right to participate in meetings *via* audio-visual means

Board meetings may be held by means of audio or audio-visual communication and all Directors have the right to participate in board meetings *via* any audio or audio-visual communication.

Board Proceedings and Resolutions

A Meeting of the Board may be held at a time appointed by notice in writing setting out a detailed agenda of the business to be transacted at the meeting accompanied by all documents relevant to that business. Every Director has a vote (excluding Nominee Directors) and the Chairman has a casting vote in the case of an equality of votes. A Resolution in writing assented to by a majority of the Directors and signed by all Directors shall be valid.

Board Committees

The Board must ensure that the following Committees should be established as a minimum with specific terms and conditions and they should be maintained and functioning effectively at all times;

- (a) Nominations and Governance Committee
- (b) Remuneration Committee
- (c) Audit Committee
- (d) Related Party Transactions Review Committee

Implementation and Policy Revision

The implementation of this policy is the responsibility of the Board of Directors and this Policy must be reviewed at least once in every two years. It may be amended at any time with the approval of the Board of Directors.
