



Policy on Matters Relating to the Board of Directors



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C. W. MACKIE PLC

No.36, D. R. Wijewardena Mawatha, Colombo 10

C. W. Mackie PLC: Policy on matters relating to the Board of Directors

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1 Introduction

- A. This is C. W. Mackie PLC's ("CWM's") formal policy governing matters relating to the Board of Directors of the Company. These provisions are complementary to the requirements regarding the Board and Board members contained in Sri Lanka's legislation and regulations, the Articles of Association of the Company and any other applicable regulations. It does not override any legal or regulatory requirements. It shall be referred to as the 'Board Charter'.
- B. A statement of compliance with the **Policy on Matters Relating to the Board of Directors** shall be included in the Annual Report together with an explanation for any non-compliance, reasons for such non-compliance and proposed remedial action.

2 Composition

- A. The Board shall have a minimum of five [5] and a maximum of twelve [12] members. This will be regularly reviewed and determined with inputs from the Nominations and Governance Committee to align with the business needs of the Company.
- B. The Board should be sufficiently diverse in terms of experience, skills, competencies, age, gender, industry expertise. At least one Board member should be a member of a recognized professional accounting body.
- C. Selection of Directors will be through a formal and objective process which will be overseen by the Chairperson of the Nominations and Governance Committee and approved by the Board.
- D. The Board will endeavour to maintain an appropriate balance of representation between Executive and Non-Executive Directors in line with the requirements of the Colombo Stock Exchange and other regulatory requirements. Accordingly, the Board shall comprise at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of CWM at any given time, whichever is higher. Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change with the advisement of the Nominations and Governance Committee.
- E. The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and Chief Executive Officer (CEO) shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed by the Company in terms of Listing Rule 9.6.3 of the Colombo Stock Exchange.
- F. As the positions of Chairperson (an Executive Director) and CEO are held concurrently by the same person, the Board has appointed a SID in line with requirements of the CSE Listing Rules.
- G. Where the positions of Chairperson and CEO are combined:
 - (i) The terms of reference/functions and powers of the SID which should be equivalent to that of the Chairperson in the event of a conflict of interest are given in **Annex IV** hereto;
 - (ii) Set out the measures implemented to safeguard the interests of the SID
- H. The Board shall not appoint any alternate directors unless otherwise warranted under exceptional circumstances and in compliance with the CSE Listing Rules and Articles of Association of the Company.

3 Chairperson and Chief Executive Officer (CEO)

- A.** Where the positions of Chairperson and CEO are held by the same person, the Company shall make a market announcement within a period of one (1) month from the date of implementation of the CSE Listing Rules or make an immediate market announcement if such date of appointment and/or combination of the said positions falls subsequent to the implementation of the CSE Listing Rules. The market announcement shall include the rationale for appointment of an Executive Director as Chairperson or combining the positions of the Chairperson and CEO of the Company.
- B.** As the positions of Chairperson and CEO are held concurrently by the same person, the Company has made due disclosure in compliance with the CSE Listing Rules.

4 Meetings

- A.** The Board shall meet at a minimum on four (4) occasions and may schedule additional meetings as may be deemed necessary during the financial year.
- B.** It is expected that a Director shall attend all meetings of the Board to ensure consistent attendance at Board Meetings, subject however to a minimum of 50% in order to avoid being deemed to have vacated their position, unless otherwise a Director has been excused by the Board from attending a meeting.
- C.** Directors may attend meetings virtually and such participation shall be counted as attendance and be accounted for a quorum. Directors must give prior notice of their intention to attend meetings virtually.

5 Directors' Duties

- A.** Directors shall use their best efforts to ensure that:
 - a. Its members can act critically and independently of one another;
 - b. Each Director can assess the broad outline of the Company's overall policy;
 - c. Each Director has sufficient expertise to perform his/her role effectively as a Board member.
- B.** The Board collectively and Directors individually must act in accordance with the laws of Sri Lanka as applicable to the business enterprise.
- C.** Directors shall provide information requirements relating to their trading in securities of CWM and its listed Group companies, if any, and comply with required disclosures.
- D.** A Director must not hold more than a maximum of twenty-five (25) directorships in Listed Entities.
- E.** A Director must inform the Chairperson and Company Secretary and obtain prior approval of the Board prior to accepting appointment to Boards of other listed or unlisted entities or other incorporated body, including private companies.

- F. All Directors should bring independent judgment to bear in discharging their duties and responsibilities on matters relating to the Board, including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.
- G. All Directors must inform the Chairperson of any potential conflicts of interest and recuse themselves from discussions or advising on related matters.
- H. Every Director should dedicate adequate time and effort to matters of the Board and the Company to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.
- I. Directors must dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification and after a meeting to follow up on issues consequent to the meeting.
- J. A Director must recognize that there is a need for continuous training and an expansion of the knowledge and skills required to effectively perform duties as a Director.

6 Rights of Directors

- A. Directors have a right to call for additional information and clarification on the operations of the business and matters presented to the Board. This includes the right to follow up on issues consequent to a meeting.
- B. One third (1/3rd) of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest of the Company to do so.
- C. All Directors have access to the advice and services of the Company Secretary.
- D. Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.
- E. The agenda and papers required for a Board meeting should be provided to Directors at least seven (7) days before the meeting.
- F. The minutes of the meeting should ordinarily be provided to Directors at least one (1) month after the meeting date.

7 Fitness of Directors and CEO

- A. CWM will take necessary steps to ensure that their Directors and CEO are, at all times, fit and proper persons as required in terms of the CSE Listing Rules. In evaluating fitness and propriety of the persons referred to in these Rules, CWM will utilize the '**Fit and Proper Assessment Criteria**' currently set out in CSE Listing Rule 9.7.3 of and as given in **Annex I** hereto.

- B.** CWM shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the CSE Listing Rules during the financial year concerned and as at the date of such confirmation.
- C.** CWM shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of the CSE Listing Rules before such nominations are placed before a shareholders' meeting or appointments are made.
- D.** CWM shall include the following disclosures/reports in the Annual Report:
 - a) A statement that the Directors and CEO of CWM satisfy the Fit and Proper Assessment Criteria stipulated in the CSE Listing Rules.
 - b) Any non-compliance/s by a Director/CEO of CWM with the Fit and Proper Assessment Criteria set out in the CSE Listing Rules during the financial year and the remedial action taken by CWM to rectify such non-compliance/s.

8 Independent Directors

- A.** The Board shall at least annually review the independence of directors in accordance with the requirements currently set out in CSE Listing Rule 9.8.3 and as given in **Annex II** hereto.
- B.** Each Director shall submit a signed and dated declaration annually of his/her "independence" or "non-independence" against the criteria specified herein and in the format in **Annex III** hereto which corresponds to the requirements of Appendix 9A of the current CSE Listing Rule 9. While new criteria may be added to Annex III no criteria should be omitted as this is a compliance requirement.
- C.** An annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it shall be made and the names of Directors determined to be 'independent' shall be set out in the Annual Report.
- D.** If the Board determines that the independence of an Independent Director has been impaired against any of the criteria set out in **Annex II**, an immediate market announcement thereof shall be made.

9 Disclosures relating to Directors

- A.** CWM shall disclose the following in its Annual Report:
 - a) policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Section 5D hereof.
 - b) in the event such a number is exceeded by a Director, an explanation shall be provided stating the instances of non-compliance and proposed remedial action.
- B.** CWM shall upon the appointment of a new Director to its Board make an immediate market announcement setting out the following:
 - a) a brief resume of such Director;

- b) the nature of his/her expertise in relevant functional areas;
 - c) the names of companies in which the Director holds directorships or memberships in Board Committees;
 - d) his/her capacity of Directorship; and
 - e) statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.
- C.** CWM shall make an immediate market announcement regarding any changes to the composition of the Board Committees referred to in current CSE Listing Rule 9.3 containing at minimum the details of changes, including the capacity of directorship with the effective date thereof.
- D.** CWM shall also disclose the following in relation to the Directors in the Annual Report:
- a) name, qualifications and brief profile;
 - b) nature of his/her expertise in relevant functional areas;
 - c) whether either the Director or Close Family Members has any material business relationships with other Directors of CWM;
 - d) whether Executive, Non-Executive and/or Independent Director;
 - e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted companies and whether such Director functions in an executive or non-executive capacity; provided that where he/she holds directorships in companies within a Group of which CWM is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;
 - f) number of Board meetings of CWM attended during the year;
 - g) names of Board Committees in which the Director serves as Chairperson or a member;
 - h) details of attendance of meetings of the Nominations and Governance, Remuneration, Audit and Related Party Transactions Review Committees. Such details shall include the number of meetings of the Committees held and the number of meetings attended by each member;
 - i) terms of reference and powers of the SID (if applicable); and
 - j) process in place for evaluating the performance of the Board, its Committees, Chairperson/CEO, Executive Directors and Non-Executive Directors.

10 Role of the Board

The Board provides entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. In performing its role, the Board is responsible for the following:

- a) appointing the Chairperson and SID, if applicable;

- b) ensuring the formulation and implementation of a sound business strategy;
- c) ensuring that the Chief Executive Officer (CEO) and Key Management Personnel/management team possess the skills, experience and knowledge to implement the strategy;
- d) ensuring the adoption of an effective succession strategy for CEO and Key Management Personnel;
- e) approving budgets and major capital expenditure;
- f) determining matters that are expressly reserved for the Board and those delegated to the management, including limits of authority and financial delegation;
- g) ensuring effective systems are in place to secure integrity of information, internal controls, cyber security, business continuity and risk management;
- h) ensuring compliance with laws, regulations and ethical standards;
- i) ensuring key stakeholder interests are considered in corporate decisions;
- j) recognizing sustainable business development and ESG risk and opportunities in corporate strategy, decisions and activities and consider the need for adopting “integrated reporting”;
- k) ensuring that the Company’s values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;
- l) establishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks;
- m) ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company;
- n) fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned;
- o) regularly review and agree on the training and development needs of the Directors; and
- p) establish a formal and transparent procedure for the appointment of new Directors to the Board.

11 Matters Reserved for the Board

1. Regulatory/Legal Requirements

- a) Approval of the interim and preliminary Company results.
- b) Approval of any interim dividend and recommendation of any final dividend.
- c) Approval of the Annual Report and Accounts, Summary Financial Statement of the Company and any interim statement advertised or issued to shareholders.
- d) Appointment and removal of the Company Secretary.
- e) Receipt of declarations of interest from Directors.
- f) Approval of listing particulars.

- g) Approval of the report on Directors' remuneration contained in the Annual Report and Accounts.

2. Appointments, Training, Evaluation and Terms of Reference

- a) Appointment and removal of Directors.
- b) Appointment of any Director as Chairman or Deputy Chairman of the Board or Senior Independent Director and ending such appointments.
- c) Determination of the independence of any Director or proposed Director.
- d) Apportionment of responsibilities to the Executive Directors of the Company including appointments to (and removal from) the positions of Chief Executive Officer and Group Finance Director.
- e) The scope and extent of delegations to the Chairman, Deputy Chairman and Chief Executive Officer.
- f) Approval of the terms of reference of all Board Committees.
- g) Performance evaluation of the Board at least once each year and reporting in the Annual Report as to whether such performance evaluation has taken place and how it has been conducted.
- h) Approval of policy on Executive Directors' remuneration.
- i) Approval by the Chairman and Executive Directors of the remuneration and terms of appointment of Non-Executive Directors of the Company.
- j) Ensuring that a satisfactory dialogue with shareholders takes place.

3. Management

- a) Approval of the Business Plan.
- b) Approval of and significant changes to Policies and Standards on financial and non-financial risks.
- c) Approval of the policy in relation to the provision of non-audit services by the external auditors as recommended by the Audit Committee.
- d) Approval of matters for the agenda of all General Meetings of the Company.
- e) Approval of any material changes to the levels and nature of the insurance cover.
- f) Approval of and significant changes to the internal control system.
- g) Annual review of the effectiveness of the internal control system and reporting to shareholders that this has been done.
- h) Approval of on the recommendation of the Audit Committee the Audit Engagement Letter.

4. Transactions

- a) Approval of any substantial transaction as defined by the CSE Listing Rules or any substantial capital and revenue expenditure, including an acquisition or disposal of financial assets.

- b) Approval of new businesses.
- c) Approval for cessation of businesses.

5. Guarantees/Indemnities/Securities

Approval of the provision of any guarantee, indemnity or security by the Company.

6. Subsidiaries/Associates/Joint Ventures

- a) Boards of subsidiaries will approve their own list of matters reserved.
- b) Company has the powers of a sole or majority shareholder to appoint or remove Directors and exercises indirect control over the activities of its subsidiaries by the retention of certain powers, subject to the legal rights of minority shareholders.
- c) Operations of associates and joint ventures will normally be governed by the provisions of detailed agreements or constitutional documents, the terms of which should determine the powers of the board of the associate or joint venture and the procedures for creating and approving business plans for the associate or joint venture.

7. Share Capital and Financing

- a) Approval of any increase/reduction in the issued share capital in terms of the statutory, regulatory provisions and Articles of Association of the Company.
- b) Approval of the issue or repayment of any share capital or debt securities or any other borrowings by the Company.

12 Director Training

- A.** Every director shall receive appropriate training when first appointed to the Board through an orientation programme covering general aspects of directorship and matters specific to the industry/company concerned. They will also receive the Board Charter, Code of Conduct, Articles of Association and recent Annual Accounts of the Company.
- B.** CWM will at its expense provide relevant training sessions to the Board Members on an on-going basis. This will benefit both the Company and the relevant Board member in its future plans.
- C.** CWM shall ensure that Directors are kept abreast with the CSE Listing Rules and on-going compliance and/or non-compliance by CWM with obligations arising under such Rules.

13 Appraisals

- A.** The Board shall periodically appraise their own performance, its Committees, Chairperson, Executive Directors and Non-Executive Directors in order to ensure that Board responsibilities are satisfactorily discharged. Matters arising from such review should be addressed promptly.
- B.** Evaluation of the Board and Chairperson should be carried out by each Director individually.
- C.** Evaluation of Non-Executive Directors should be carried out individually by the Chairperson and Executive Directors.

- D. Evaluation of Executive Directors should be carried out individually by the Chairperson and Non-Executive Directors.
- E. The Board should consider periodic 360-degree appraisal of Executive Directors and other Key Management Personnel.
- F. The collective outcome should be compiled and made available to the Nominations and Governance Committee, which should consider the results of the evaluation and make recommendation to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge training of Directors, governance processes, strategy review and other factors relevant to its effectiveness.
- G. The “Board & Committee Performance Evaluation Checklist” set out in **Annex V** hereof shall be used for this purpose.
- H. The Board must, at least annually, assess the performance of the CEO, and
 - a) at the commencement of every fiscal year, in consultation with the CEO, should set, in line with the short, medium, and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year;
 - b) evaluate the performance of the CEO at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.
- I. The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.
- J. The Board should state how such performance evaluations have been conducted in the Annual Report.

14 Approval, Revision & Dissemination of the Policy

- A. The policy should be revised as deemed necessary, particularly in the event of changes in law and authoritative sources of best practice in corporate governance. However, it will be reviewed and revised at least every two (2) years to ensure that it is updated to reflect developments in relation to the subject.
- B. The Nominations and Corporate Governance Committee has reviewed and recommended the Policy which has been approved by the Board.
- C. The Policy is uploaded on the website of the Company in accordance with CSE Listing Rules.

Annex I : Fit and Proper Assessment Criteria:

A. Honesty, Integrity, and Reputation

A Director or CEO of CWM shall not be considered 'fit and proper' if he/she:

- (i) has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the Securities & Exchange Commission Act (SEC Act) or Securities Laws outside of Sri Lanka.
- (ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the Securities & Exchange Commission (SEC) or any other regulatory authority.
- (iii) has been convicted, within or outside Sri Lanka, of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.
- (iv) has been convicted for contravening any provision of any law, within or outside Sri Lanka, for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.
- (v) has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.
- (vi) has been disqualified from acting as a CEO/Key Management Person/Director of a company regulated by the Central Bank of Sri Lanka and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.
- (vii) has been a director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Colombo Stock Exchange Listing Rule 11.3.

B. Competence and Capability

A Director or CEO of CWM shall not be considered as 'fit and proper' if he/she:

- (i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of CWM in terms of CSE Listing Rule 9.11.5 which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (as applicable); and
- (ii) has been declared by a court of competent jurisdiction, in Sri Lanka or outside Sri Lanka, to be of unsound mind.

C. Financial Soundness

A Director or CEO of CWM shall not be considered as a 'fit and proper person' if he/she:

- (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed, within or outside Sri Lanka;

- (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka.
- (iii) has been in a position capable of exercising significant influence in a company that has:
 - a) been declared bankrupt within or outside of Sri Lanka; or
 - b) its assets sequestrated for the non-satisfaction of a judgment debt.

Annex II : Criteria for determining Independence

A. A Director shall not be considered independent if he/she:

- (i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director.
- (ii) currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly.
- (iii) currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity.
- (iv) has a Significant Shareholding in the Listed Entity.
- (v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.
- (vi) is employed in another company or business:
 - a. in which a majority of the other Directors of the Listed Entity are employed or are directors; or
 - b. in which a majority of the other Directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or
 - c. that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.
- (vii) is a Director of another company:
 - a. in which a majority of the other Directors of the Listed Entity are employed or are directors; or
 - b. that has a Business Connection in the Listed Entity or a Significant Shareholding.
- (viii) has a Material Business Relationship or a Significant Shareholding in another company or business:
 - a. in which a majority of the other Directors of the Listed Entity are employed or are directors; and/or
 - b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or
 - c. where the core line of business of such company is in direct conflict with the line of business of the Listed Entity.
- (ix) is above the age of seventy (70) years.

B. Abbreviations

- a) **“Acting in Concert”** shall have the same meaning as defined in the ‘Takeovers and Mergers Code’.

- b) **“Business Connection”** shall mean a relationship resulting in transaction value/s equivalent to or more than thirty percent (30%) of the turnover of that company or business.
- c) **‘Close Family Member’** shall mean and include :
 - i. children below eighteen (18) years and spouse or domestic partner of a Director/CEO of a Listed Entity;
 - ii. children who are eighteen (18) years or above, parents, grandparents, brothers, sisters and grandchildren of a Director/CEO of a Listed entity who are financially dependent; and
 - iii. any person who is financially dependent on such Director/CEO.
- d) **‘Financially dependent’** shall mean any person who receives more than half of their support for the most recent fiscal year from a Director/CEO of a Listed Entity and/or his or her spouse or a representative.
- e) **“Listed Entity”** shall mean the Listed Entity to the Board of which the Director is appointed, its parent and/or subsidiary company, and a subsidiary of the parent company.
- f) **“Material Business Relationship”** shall mean a relationship resulting in income/non-cash benefits equivalent to twenty percent (20%) of the Director’s annual income and any income/non-cash benefits received by such Director which are applicable on a uniform basis to all Non-Executive Directors on the Board shall not be considered in calculating the annual income.
- g) **“Significant Shareholding”** shall mean a shareholding carrying not less than ten percent (10%) of the voting rights of a company.

Annex III : Declaration of Independence by Directors

From APPENDIX 9A of CSE Listing Rule 9.8.5

DECLARATION

I, [●]¹ of [●]² being a Christian make [oath /not being a Christian solemnly, sincerely and truly affirm and declare]³ as follows in terms of Rule of the Listing Rules of the Colombo Stock Exchange:

- a. I am a non-executive director of [●] [hereinafter referred to as the “Listed Entity”] being so appointed on [●].⁴
- b. I have been / have not been employed by the Listed Entity*, during the period of three years immediately preceding my appointment as director of the Listed Entity.
- c. I had / did not have during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity.
- d. I have / do not have a Close Family Member(s) who is a director or Chief Executive Officer (or equivalent position) in the Listed Entity.
- e. I have / do not have a Significant Shareholding in the Listed Entity.
- f. I have / have not served on the Board of the Listed Entity for an aggregate period exceeding nine years from the date of the first appointment.
- g. I am / am not employed in another company or business:
 - (i) in which a majority of the other directors of the Listed Entity are employed or are directors; or
 - (ii) in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or
 - (iii) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.
- h. I am / am not a director of another company:
 - (i) in which a majority of the other directors of the Listed Entity are employed or are directors; or
 - (ii) that has a Business Connection in the Listed Entity or a Significant Shareholding.
- i. I have / do not have a Material Business Relationship or a Significant Shareholding in another company or business:
 - (i) in which a majority of the other directors of the Listed Entity are employed or are directors; and/or
 - (ii) which has a Business Connection with the Listed Entity or Significant Shareholding in the same.
 - (iii) Where the core line of business of such company is in direct conflict with the line of business of the Listed Entity.

- j. I am not above the age of seventy (70) years
- k. Disclosure of such other information which the applicant believes could reasonably be construed to have a bearing on the independence of such director.⁵

`Listed Entity' as referred to in this declaration shall be the Public Limited Company to the Board of which the Director is appointed and would include any parent or subsidiary company of the Listed Entity and any subsidiary of the parent company.

..... (Sgd.)

.....
Director

Date:

- 1 Enter full name
- 2 Enter address
- 3 Delete what is inapplicable
- 4 Enter date of appointment
- 5 Disclose all other information which you reasonably believe could have a bearing on your independence as a Director of the Listed Entity.

Annex IV : Terms of Reference for the Senior Independent Director

In accordance with CSE Listing Rule 9 the Board has appointed an Independent Director to act as Senior Independent Director (SID) due to the positions of Chairperson and Chief Executive Officer being combined in one person.

The SID shall effectively discharge the following duties :

1. To meet with the Directors (without the Chairperson present) on such other occasions as deemed appropriate.
2. The Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID, without the presence of the other Directors, to discuss matters and concerns relating to the Company and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members.
3. The SID shall chair a meeting of the Non-Executive Directors, without the presence of the Chairperson, at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.
4. The SID shall be entitled to a casting vote at the meetings specified in CSE Listing Rules 9.6.3.(b) and (c).
5. To act as a sounding board for the Chairperson providing him with ongoing counsel across the range of relevant Company issues.
6. To serve as an intermediary between the Chairperson and the views of the other Directors and key stakeholders when necessary.
7. To meet with the Directors, at least annually (without the Chairperson present) to evaluate the Chairperson's performance with candid feedback as a result of the annual evaluation and in doing so identify any areas which need attention.
8. The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.

Annex V : Board & Committee Evaluation Form

BOARD AND COMMITTEE PERFORMANCE EVALUATION CHECKLIST

Legend

- A : Exceptionally good
- B : Above expectations
- C : In line with expectation
- D : Below expectation
- E : Significant room for improvement

The questionnaire given below titled “**Performance Evaluation of the Board of Directors**” should be evaluated *independently* by all directors (i.e. executive and non-executive directors) and the results tabulated and presented to the Board as a whole.

The questionnaire given below titled “**Performance Evaluation of the Board’s Committees**” should be completed for each of the Board’s Committees and evaluated independently by all members of the committee and the results tabulated by the committee chairman and presented to the Board as whole.

Methodology

Please answer **Yes** or **No** to each question and indicate the “rating” thereafter.

Performance Evaluation of the Board of Directors	Yes	No	A	B	C	D	E
Does the Board as a whole undertake a formal and rigorous annual evaluation of its own performance and that of its committees?							
Does the Board state in the annual report how such performance evaluation has been conducted?							
How effectively does it use mechanisms such as the AGM and the annual report?							
Are relationships and communication with shareholders well managed?							
Are the results of the Board evaluation shared with the Board as a whole and decisions made on initiatives and actions required for improvement including timely and adequate supply of information to the Board, balance of skills and training needs of directors?							
Are the processes for setting the agenda working? Do they enable the Board members to raise issues and concerns?							
Are sufficient Board meetings of appropriate length held, to enable proper consideration of issues? Is time effectively used?							

Does the Board receive timely and adequate information to enable it to discharge its duties?							
Do the directors receive adequate explanations in relation to questions raised by them?							
Does the chairman encourage and seek an effective contribution from each director?							
Is there adequate and timely recording of proceedings of meetings, decisions and descents etc.?							
How well has the Board performed against any performance objectives that have been set?							
What has been the Board's contribution towards developing and monitoring the implementation of strategy?							
Has the Board reviewed the business model and the performance of its financial and non-financial capitals?							
Has the Board ensured that risk management function of the Company is conducted in an effective manner?							
What has been the Board's contribution to ensuring robust and effective risk management?							
Has the Board ensured that the internal and external audit functions of the company are conducted in an effective manner?							
How has the Board responded to any problems or crises that have emerged?							
Could or should these have been foreseen?							
Is there an effective process in place for ensuring compliance with laws and regulations?							
Does the Board have a process to ensure financial reporting is carried out in order to provide a true and fair view of reported results?							
Is the composition of the Board and its committees appropriate, with the right mix of knowledge and skills to maximize performance in the light of future strategy?							
Does the Board have a clear understanding of its responsibilities and those delegated to the CEO and key management personnel?							
Has the Board set up committees including those required by regulation, approved their charters and ensured that their composition has the required skills and competencies							
Has the Board obtained a self-assessment of performance from all committees and recommended improvements as necessary.							
Has the Board identified the right compensation philosophy "to retain and							

motivate staff in a manner appropriate for the business”?							
Has the Board identified the succession plan for CEO and key management personnel - “to ensure talent availability and address expectations of high potential and high-quality staff”?							
Do the CEO and key management personnel have skills, knowledge and experience to execute the strategy?							
Are there well-defined policies and procedures, delegation of authority, responsibility and accountability for CEO and key management personnel?							
Does the Board consider all stakeholder interest in significant corporate decisions?							
Has the Board adopted a conflict-of-interest policy providing for disclosure of potential conflict of interests and required Board members to abstain from voting?							
Has the Board adopted a code of business conduct and ethics?							
How well does the Board communicate with the management team, company employees and others through corporate communications?							
Is the Board as a whole up- to-date with latest developments in laws and regulations and the business environment?							
Are Board procedures conducive to enabling effective performance, and flexible enough to deal with eventualities?							
Performance Evaluation of the Board's Committees	Yes	No	A	B	C	D	E
How effective are the Board’s committees: <ul style="list-style-type: none"> • is their membership defined? • is there a secretary? • are there rules pertaining to attendance and were they followed? • are there rules pertaining to frequency of meetings and were they followed? • are there rules pertaining to seeking advice? • are duties defined (e.g. through a charter)? • were the objectives of the committee fulfilled? 							
Is appropriate, timely information of the right length and quality provided to the committee? Is the management responsive to requests for clarification or amplification?							
Are sufficient committee meetings of appropriate length held, to enable proper consideration of issues? Is time effectively used?							

Is there adequate and timely recording of proceedings of meetings, decisions and descents etc.?							
Do the committees report to the Board through committee meeting minutes, reports and presentations as appropriate?							
Do the independent directors on the committee contribute effectively?							
Do the chairmen of the committees ensure that management does not unduly influence the working of the committee, its agenda, provision of information and recording of minutes.							
Are the duties and responsibilities contained in the charter compliant with rules and regulations governing the entity and the Code of Best Practices of Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.							
Has the committee sought independence advice during the period?							
Is there a process to escalate matters of immediate concerns to the Board. Has this been done during the period?							
Have the committees reviewed their own performances during the period?							
Have the committees reviewed and updated their duties and responsibilities i.e. charter?							
Do the committees present a report in the annual report to the shareholders containing its composition, meetings held, and attendance, duties and responsibilities and the work performed in fulfilling its duties and responsibilities.							
Performance Evaluation of the Non-Executive Directors	Yes	No	A	B	C	D	E
How well prepared and informed are they for Board meetings? Is their meeting attendance satisfactory?							
Do they demonstrate a willingness to devote time and effort to understand the company and its business and a readiness to participate in events outside the Board room, such as site visits?							
How good has been the quality and value of their contributions at Board meetings?							
How good has been their contribution to the development of strategy?							
How good has been their contribution to the risk management?							
How successfully have they brought their knowledge and experience to bear in the consideration of strategy implementation?							
How effectively have they probed to test information and assumptions? How resolute are they in maintaining their own views and resisting pressure from others,							

when necessary?							
How effectively and proactively have they followed up their areas of concern?							
How effective and successful are their relationships with fellow Board members, the company secretary, CEO and key management personnel?							
Does their performance and behaviour engender mutual trust and respect within the Board?							
How actively and successfully do they refresh their knowledge and skills? Are they up to date with the latest developments in areas such as, <ul style="list-style-type: none"> • regulatory requirements, corporate governance and financial reporting? • industry and market conditions? 							
How well do they communicate with fellow Board members, CEO and key management personnel and others, for example shareholders? Are they able to present their views convincingly yet diplomatically, and do they listen and take into consideration, views of others?							