

Policy on Board Committees

Board : Board of Directors of Gestetner of Ceylon PLC

Company: Gestetner of Ceylon PLC

Version: 01

Listing Rules': Listing Rule 9.2.1 (b)

1.OVERVIEW

The Company's Board of Directors has implemented the Policy on Board committees to provide a framework for the committees established by the Board, ensuring they carry out their responsibilities with integrity, honesty, and professionalism in line with the Companies Act, Listing Rules, Articles, and other internal policies and procedures.

2.PURPOSE

The purpose of this Policy is to establish criteria and guidelines in respect of the composition of Board committees, their duties and responsibilities, procedure to convene and conduct meetings and other relevant policies to ensure that the Board committees effectively discharge their duties and functions delegated by the Board.

3.SCOPE

This Policy applies to the Company and covers all Directors who serve as members of Board committees, Senior Management and other Employees of the Company, to the extent applicable.

4.BOARD COMMITTEES

4.1 In accordance with the requirements set out in the Listing Rules, the following committees have been constituted at present:

- (i) Audit Committee;
- (ii) Remuneration Committee; and
- (iii) Related Party Transactions Review Committee
- (iv) Nominations and Governance committee

4.2 Directors shall be appointed as members to one or more committees in accordance with the Listing Rules and the terms of reference of the relevant committee. Members so appointed shall continue to serve in the Board committee until he/she ceases to be a Director of the Company in accordance with the terms of the Articles and/or the Companies Act, resigns from his/her membership in the committee in accordance with this Policy or the Board re-constitutes a committee.

4.3 Members of Board committees may resign from their membership with prior written notice to the Board and the Board will review and approve another candidate to fill the vacancy created.

4.4 The chairperson of each Board committee shall be an Independent Non-Executive Director appointed by the Board. Another member of the Board may, however, chair a particular meeting if the chairperson is unable to attend a meeting or is absent. Endeavours are to be made, to the extent possible, to schedule meetings to facilitate attendance of all members of the Committee.

4.5 The Chairperson of the Board shall not serve as chairperson of a Board committee.

4.6 The structure and the composition of each Board committee shall be as decided by the Board from time to time, in consideration of, inter alia, the Applicable Law.

4.7 Each Board committee must define and outline and have a clear understanding of its scope, authority, primary functions, duties and responsibilities with reference to the Applicable Law.

A Director must discharge the duties and responsibilities of a member of a Board committee in terms of the Applicable Law that is relevant to a director of a company.

5. THE REMUNERATION COMMITTEE

5.1 The Remuneration Committee shall be appointed by the Board and shall comprise of not less than three (3) Non-Executive Directors of which at least two (2) shall be Independent Directors.

5.2 The scope and object of the Remuneration Committee include:

- (i) formulation of policies for the remuneration of Executive Directors, Non- Executive Directors, Senior Management and other Employees of the Company;
- (ii) making recommendation to the Board with regard to the fixing of remuneration of the Executive Directors, Senior Management and other Employees of the Company;
- (iii) reviewing the performance of, and recommend to the Board for approval the annual total remuneration packages which include salaries, performance rewards, incentives, other benefits in kind, compensation payments, including compensation for loss or termination of office or appointment of the Board, Executive Directors, Senior Management and other Employees;
- (iv) reviewing and approving performance reward plans, evaluation modules and emoluments to Executive Directors, Senior Management and other Employees of the Company; and
- (v) reviewing and recommending the remuneration of Executive Directors and Non-Executive Directors to the Board.

5.3 Meetings shall be held at least once every calendar year and as frequently as may be required. The Company Secretary will convene a meeting if at least two (2) members (one of whom is the chairperson) of the Remuneration Committee, request a special meeting.

6.THE AUDIT COMMITTEE

6.1 The Audit Committee shall be appointed by the Board and shall comprise of not less than three (3) members, consisting of Non-Executive Directors of whom two (2) or a majority of the members, whichever is higher, shall be Independent Directors.

6.2 The objective of the Audit Committee varies between focusing on primarily providing assurances on financial and compliance issues while playing an advisory role oriented towards performance improvement and financial and compliance issues.

6.3 The core responsibilities of the Audit Committee include:

- 6.3.1 providing oversight of the preparation and presentation of the Company's financial statements and ensure its adequacy and integrity in accordance with the appropriate accounting policies and standards;
- 6.3.2 ensuring that the Company complies with applicable legal and regulatory requirements including financial reporting requirements under the Listing Rules, the Companies Act, and the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021;
- 6.3.3 assessing the effectiveness of internal controls of the Company ;
- 6.3.4 ensuring that appropriate processes are in place to identify and monitor material risks, including business and financial risks, that may affect the Company and the implementation of appropriate measures to manage and mitigate such risks;
- 6.3.5 ensuring that the Company's internal controls and risk management procedures are adequate to meet the applicable auditing standards;
- 6.3.6 assessing the independence and review the performance of, consider and make recommendations to the Board pertaining to the re-appointment/ removal/ appointment of the external auditor;
- 6.3.7 reviewing and recommending the remuneration and terms of engagement of the external auditor to the Board.

6.4 The Audit Committee shall meet on a quarterly basis prior to recommending the financial reports of the Company. The Company Secretary will convene a meeting if at least two (2) members (one of whom is the chairperson) of the Audit Committee, request a special meeting. In addition, the Committee may meet whenever a matter under its purview requires the attention of the Audit Committee.

7. THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

7.1 The Related Party Transactions Review Committee shall be appointed by the Board and shall comprise of not less than three (3) members, consisting of at least two (2) Independent Directors.

7.2 The objective of the Related Party Transactions Review Committee is to establish a procedure to ensure that the Company does not engage in Related Party Transactions in a manner that would grant such Related Parties more favorable treatment than accorded to third parties in the normal course of business.

7.3 The responsibilities of the Related Party Transactions Review Committee include:

1. monitoring, considering for approval and making recommendations to the Board in relation to Related Party Transactions and managing conflicts of interest;
2. providing an independent review, approval and oversight of Related Party Transactions
3. establishing guidelines in respect of Recurrent Related Party Transactions for Senior Management to follow in its ongoing dealings with the relevant Related Party; and
4. managing relationships with Related Parties and uphold good governance in the best interests of the Company and to ensure that the interests of Shareholders as a whole are taken into account when entering into Related Party Transactions.

7.4 The Related Party Transactions Review Committee shall meet on a quarterly basis or more frequently, if necessary for the purpose of considering Related Party Transactions.

8. THE NOMINATIONS AND GOVERNANCE COMMITTEE

8.1 The Nominations and Governance Committee shall be appointed by the Board and shall comprise of not less than three (3) members, consisting of at least two (2) Independent Directors.

8.2 The Committee will have the right of access to the Senior Management of the Company and Executive Directors through the CEO and Auditors (external and internal) through the BAC and the CRO, CO and CIA through the Oversight Board Subcommittees and have the right to seek explanations and additional information following consultations with MD/CEO in order to carry out its tasks.

8.3 General Governance Matters

Exercise general oversight with respect to the corporate governance by the Board of Directors;

Review and recommend to the Board for approval:

- i. the Company's approach to corporate governance, including practices, principles, guidelines and related policies and monitor compliance and report exceptions to the Board;

- ii. significant corporate policy addressing communication, disclosure and confidentiality of corporate or material information and monitor compliance and report exceptions to the Board; and
- iii. the required capabilities, expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.
- iv. Review communication and disclosure of the Company's corporate governance practices and compliance with governance guidelines and any applicable laws and regulations.

Orientation and Continuing Education

- v. Approve policies regarding orientation, training and continuing education of directors so that they may maintain and enhance their skills and abilities as directors and to ensure that their knowledge and understanding of the Company's business remains current.
- vi. Take reasonable steps to ensure that all new directors receive a comprehensive orientation so that each director fully understands the nature and operations of the Company's business, the role of the Board and the Board Sub-Committees and the contribution that each director is expected to make (including, in particular, the commitment of time and resources that the Company expects from its directors).

Nomination of Directors:

- vii. Prior to recommending proposed candidate(s) for nomination for election or appointment to the Board, adopt a process to consider what competencies and skills the Board, as a whole, should possess; and to assess what competencies and skills each existing director possesses.
- viii. In consultation with the Board and the CEO and, on an ongoing basis, identify individuals qualified to become new directors, based on the personal attributes and qualifications of potential candidates, including their experience, expertise and industry knowledge; and any legal requirements, including those related to director independence and financial literacy.
- ix. Identify and recommend to the Board for approval the proposed candidate(s) for nomination for election to the Board at the next annual meeting of the shareholders of the Company or for appointment to fill any vacancy that is anticipated or has arisen on the Board. In making its recommendation, the Committee shall assess and consider the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills each new nominee will bring to the boardroom; and the ability of each new nominee to devote sufficient time and resources to his/her duties as a director.
- x. Propose the maximum number of listed company Board representations which any Director may hold, and disclose this in the Company's annual report;
- xi. Assess entities with which the Company could have a conflict of interest if a Director was to accept a directorship in such an entity;

Composition and Evaluation of the Board and Board Sub-Committees:

- xii. Review annually and recommend to the Board for approval the size and composition criteria of the Board with a view to facilitating effective decision-making.

- xiii. Review annually and make recommendations to the Board for approval the creation, disbanding, size and composition criteria of Board Sub- Committees.
- xiv. Establish criteria for and annually conduct an evaluation of some or all of: the Board, each Board Sub-Committee, the Board Chairperson, individual directors and MD/CEO, in order to assess the effectiveness of the Board as a whole, each Board Sub-Committee as a whole, the Board Chairperson, the MD/ CEO and the contribution of individual directors.
- xv. Report to the Board the results of the evaluation of the Board, the Board Chairperson and the MD/CEO and individual directors.

Ethical Oversight:

- xvi. Review and recommend to the Board for approval and disclosure any policy addressing corporate and individual integrity and ethical standards, including the Company's code of conduct (Ethical Framework) and take reasonable steps to monitor compliance.
- xvii. Review and report to the Board on conflict of interest matters involving directors, as necessary, and if a conflict or a perceived conflict exists, advise the director to refrain from the activity or take other appropriate action to remedy the conflict or perceived conflict and undertake appropriate responsive measures.

Appointment of CEO and other key responsible persons of management

- xviii. Set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and other key responsible persons of management;
- xix. Ensure that directors, CEO and other key responsible persons of management are fit and proper persons to hold office as specified in the criteria given in the listing rules.

General Responsibilities:

- xx. The Committee may perform any other activities consistent with its Terms of Reference and applicable laws, as the Committee or the Board deems necessary or appropriate.
- xxi. The Committee may engage independent counsel and other advisors the Committee determines necessary to carry out its duties and the Committee may set and pay the compensation for any advisors employed by the Committee.
- xxii. The Committee will evaluate this Committee's own performance and terms of reference on a regular basis and include a report on the Committee's activities for inclusion in the Company's Annual Report.
- xxiii. Recommend the indemnity and insurance cover to be taken in respect of all directors and other key responsible persons;
- xxiv. Have delegated authority from the Board to approve any other matter of a confidential nature and on its behalf and where regulatory requirements necessitate such board approvals, recommend such matter/s to the Board for approval, as the committee sees fit;
- xxv. In the event of doubt or conflicting views among Members, such matters shall be referred to the Board of Directors.

LIMITATION

- xxvi. A Member of the Nomination Committee should not participate in decisions relating to his/her own appointment and or re-appointment.

8. PROCEEDINGS OF MEETINGS

8.1 The proceedings of the meetings of Board committees shall be governed by the Articles which regulate the meetings of the Board. Additionally, Board committees shall regulate its meetings in accordance with this Policy and its terms of reference.

8.2 A member of the committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications, ensuring confidentiality and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

8.3 The chairperson of each Board committee shall lead and maintain control at meetings of such Board committee and provide reasonable time for deliberations of matters under consideration to ensure that committee decisions are taken in the Company's best interests. Where necessary, such matters shall be escalated for consideration and determination by the Board.

8.4 Questions arising at any meeting of Board committees shall be decided by a majority of votes. Each member of the committee shall have one (1) vote and in the event there arises a case of equality of votes, the Chairperson will have the casting vote.

8.5 The chairperson shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the committee that require the Board's approval at the Board meeting.

8.6 Board committees may request other Directors or Senior Management when applicable and necessary to participate in the meetings, to assist in carrying out the committee's responsibilities, provided however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the committee unless he or she is a member of the committee.

8.7 Board committees shall have authority to seek external independent professional advice on matters, which will assist it with its duties and may invite professional advisers or others with relevant experience to assist and to attend meetings while ensuring strict confidentiality. This will involve the Directors obtaining professional and expert advice from an appropriately qualified advisor as the case may be.

8.8 A member of the Board committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. Where this causes a lack of quorum, the committee shall appoint another candidate(s) who meets the membership criteria as a member of the relevant committee for that meeting.

8.9 The secretary to the relevant Board committee shall ensure that the material containing information of matters to be discussed at a meeting are circulated prior to such meeting and that the recorded minutes of meetings accurately reflect the deliberations and decisions of the Board, including details of whether any member abstained from voting or discussing on a matter. Minutes of the meeting shall be circulated by the secretary in a prompt and timely manner upon conclusion of the meeting

9.REVIEW AND MONITORING

9.1 The Nominations and Governance Committee will from time to time and not more than 3 years from the last review, review this Policy, monitor its implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practice and shall make recommendations on any proposed revisions or amendments as may be required to the Board for its review and final approval.

9.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.