

Policy On Corporate Governance, Nominations And Re-Election

Board : Board of Directors of Gestetner of Ceylon PLC

Company: Gestetner of Ceylon PLC

Version: 01

Listing Rules': Listing Rule 9.2.1 (c)

1. PURPOSE AND OBJECTIVE

The Corporate Governance, Nominations, and Re-election Policy outlines the governance framework implemented by the Company. It adheres to the requirements of the Listing Rules, the Companies Act, the Code, the Company's Articles of Association, and other relevant laws, regulations, and guidelines, as applicable.

The objective of this policy is to ensure that the Company adheres to the highest standards of corporate governance, maintains a transparent and robust process for the nomination and re-election of directors, and complies with all relevant statutory and regulatory requirements.

2. GOVERNANCE REQUIREMENTS

2.1 The business and affairs of the Company are managed by and under the direction and supervision of the Board. The Board also has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company.

2.2 The Board and each individual Director must at all times comply with and adhere to the laws that are applicable to the Company and its business and also ensure that the Company complies with and adheres to such laws. The laws applicable to the Company and the business of the Company include without limitation, the following:

- (i) the Companies Act;
- (ii) the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 or any rules, regulations, determinations, or directions made thereunder including the Listing Rules;
- (iii) the National Environmental Act No. 47 of 1980 and any amendments thereto;
- (iv) the Inland Revenue Act No. 24 of 2017 and amendments thereto;
- (v) the Employees Provident Fund Act No. 15 of 1958;
- (vi) the Employees Trust Fund Act No. 46 of 1996;
- (vii) the Payment of Gratuity Act No. 12 of 1983; and
- (viii) the Shop and Office (Regulation of Employment and Remuneration) Act No. 19 of 1954.

The Board shall implement the necessary internal processes within the Company to ensure compliance with the applicable legal framework.

2.3 The Board is committed to following recommendations in the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, to the extent relevant to the business and governance structures of the Company.

2.4 The Board shall have complete access to the management, books, and records of the Company. Further, the Board may invite the relevant management personnel to the meetings of the Board in order to provide additional insight into matters discussed.

2.5 Whenever the Board deems it appropriate or helpful in discharging its responsibilities, it shall engage the services of external advisors and consultants.

6.6 In the interests of greater effectiveness in the exercise of its functions, the Board shall delegate its powers and establish committees. Delegating authority to committees will not, in any way, absolve the Board from discharging its duties and responsibilities.

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

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

6.8 The Board shall appoint Directors to each committee in accordance with the requirements of the Listing Rules while ensuring that such Directors shall be appropriate and suitably qualified to carry out the duties of the relevant committee.

3. NOMINATION PROCESS

The Nominations and Governance Committee (more fully described under the Policy on Board Committees) shall be responsible for identifying and recommending suitable candidates to be appointed to the Board, ensuring that nominations align with the Company's Articles of Association, Listing Rules and other relevant regulations.

3.1 Criteria for Nomination

3.1.1 Suitable candidates to the Board shall be evaluated by the Nomination and Committee, based on their reputation, qualifications, experience, potential to contribute to the Company's governance and ability to contribute to the Board's effectiveness.

3.1.2 The Nominations and Governance Committee would also consider diversity on the Board including gender, age and other factors relevant to the industry, when recommending new Directors to the Board.

3.1.3 Independence criteria of Independent Directors, as specified under the Listing Rules, should be closely followed when nominating an Independent Director to the Board.

3.1.4 Recommendation of Directors, as received from the Nominations and Governance Committee, shall be further reviewed by the Board.

3.2 Age Requirement for Directors

No person shall be capable of being appointed as a Director if, at the time of their appointment, they have attained the age of sixty-five years.

However, a person who has reached the age of sixty-five years may be appointed or reappointed as a Director if their appointment is made or approved by the Company at a General Meeting.

In such cases, the following steps must be adhered to:

3.2.1 The Nominations and Governance Committee may recommend the appointment or reappointment of directors of or above sixty – five years of age to the Board, considering the overall effectiveness of the Board and the individual director’s contribution, despite their age.

3.2.2 The Board would further review such nominations received from the Nominations Committee, and if agreed, may decide to propose same for the approval of shareholders at an AGM.

3.2.3 Notice must be given by the Company to its shareholders of any such proposal to appoint a person as a Director who has reached the age of sixty-five years. The Notice shall explicitly state the age of the person concerned.

Any such appointment of a Director who has attained the age of sixty-five years shall be valid only until the conclusion of the next following Annual General Meeting (AGM), at which point the Director must be re-elected or retired in accordance with this policy.

4. RE-ELECTION OF DIRECTORS

4.1 Term of Office, Re-election Process, and Rotation of Directors

Directors shall serve in accordance with the terms specified in the Company’s Articles of Association.

Directors shall be subject to re-election at intervals as required by the Listing Rules and the Articles of Association of the Company. Accordingly, one-third of the directors shall retire by rotation at each Annual General Meeting (AGM) and, if eligible and recommended by the Nominations Committee and by the Board, may offer themselves for re-election. Shareholders of the Company may approve such resolutions on re-election of Directors, at each AGM.

5. COMPLIANCE AND DISCLOSURE

5.1 Regulatory Compliance

The company shall ensure full compliance with the CSE Listing Rules, the Companies Act, the Articles of Association, and any other applicable regulations concerning corporate governance, nominations, and re-election.

5.2 Disclosure

The company shall disclose in its Annual Report the composition of the Board, details of the nomination and re-election processes, and any other relevant information as required by the Listing Rules and the Articles of Association of the Company.