

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

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POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

1. OVERVIEW

This Policy relating to Board of Directors has been adopted in conformity with the Listing Rules to provide for the framework in terms of which the Board will be constituted and the Directors will manage and supervise the business and affairs of the Company in accordance with the applicable laws including the Companies Act, the Listing Rules and the Articles and other internal policies and procedures.

2. DEFINITIONS

The following words and expressions shall have the respective meanings given against each such word unless such meanings are inconsistent with or repugnant to the subject or context:

“**Articles**” mean the articles of association of the Company, as amended from time to time;

“**Board**” means the board of directors of the Company;

“**Chairperson**” means the chairperson of the Board as appointed by the Directors, from time to time;

“**Companies Act**” means the Companies Act No. 07 of 2007 as amended from time to time;

“**Company**” means Vallibel One PLC and includes, when the context so requires, any subsidiary of Vallibel One PLC;

“**Company Secretary**” means the secretary of the Company referred to in section 221 of the Companies Act;

“**Director**” or “**Directors**” means a director or the directors (as the case may be) for the time being of the Company, including where the context so requires or admits alternate directors, and the directors assembled at a Board meeting;

“**Executive Director**” means a Director who is employed by, and/or is otherwise engaged in the day-to-day management of the business of the Company in an executive capacity;

“**Independent Director**” means a Director who satisfies the criteria for ‘independence’ as set forth in Rule 9.8.3 of the Listing Rules, and appointed to the Board as such;

“**Listing Rules**” means the Listing Rules of the Colombo Stock Exchange;

“**Policy**” means this policy on matters relating to the Board of Directors.

3. PURPOSE

The purpose of this Policy is to establish the policy framework and the criteria pertaining to Board composition, proceedings of the Board and other relevant policies to ensure that the Directors and management work together to effectively discharge their responsibilities in an appropriate manner, in the best interests of the Company and in compliance with the relevant legal and regulatory framework.

4. SCOPE

This Policy applies to the Company and covers all Directors, to the extent applicable.

5. THE BOARD

- 5.1 The Board shall comprise of a minimum of five (5) directors . The number of directors that the Company is to have on its Board from time to time may be determined by the Nominations and Governance Committee taking into consideration the nature of the businesses carried out by the Company and in order to align with the requirements set out in the Listing Rules and corporate governance best practices.
- 5.2 The Board shall include at least two (2) Independent Directors or such number equivalent to one-third (1/3) of the total number of Directors of the Company at any given time, whichever is higher.
- 5.3 The Chairperson shall be appointed by the Board and shall continue to serve as Chairperson until he or she resigns therefrom or ceases to be a Director in accordance with the terms of the Articles or the applicable laws.
- 5.4 A Director shall not serve on the board of directors in more than nineteen (19) other companies in addition to the Company’s Board. Exceptions to these limits will be determined by the Board on the recommendations of the Nominations and Governance Committee on a case-by-case basis after careful consideration of relevant factors.
- 5.5 The Board shall comprise of Directors representing different backgrounds in terms of expertise, experience, competency and industry requirements to fulfil the duties and objectives of the Board and provide guidance to the Company’s management. Additionally, the Board aims to establish gender, age and ethnic diversity on the Board as a combination of individuals with diverse backgrounds that may provide a range of perspectives and experiences resulting in improved decision-making.

- 5.6 The Chief Financial Officer of the Company who is currently in charge of the compliance function [in consultation with the Legal Advisors to the Company and Compan Secretary] shall be responsible to ensure that all Directors are kept informed of the applicable legal and regulatory requirements which the Company must adhere to. Details of on-going compliance and/or non-compliance along with reasons for the same and any remedial action proposed to be taken or has already been taken by the Company shall be presented at every meeting of the Board. If the Company appoints a dedicated Compliance Officer, such Compliance Officer shall be responsible for the functions enumerated herein
- 5.7 The Board shall have direct and unrestricted access to all the Company's information and management, as a whole and in their individual capacities as Directors, in furtherance of their duties. Additionally, the Board shall engage the services of external professionals with the requisite legal, financial or governance expertise as it considers necessary from time to time in the performance of its duties at the Company's expense.

6. MEETINGS OF THE BOARD

- 6.1 The Board shall meet regularly every *quarter* with due notices issued to all Directors. Special meetings shall be convened on an ad-hoc basis, as and when required.
- 6.2 The number of Board meetings held in a year and details of attendance of each individual Director in respect of meetings held and the structure and process of submitting information shall be documented by the Board.
- 6.3 Directors may participate at meetings of the Board via electronic audio/visual means and participation in such manner shall be considered in deciding the quorum of such meeting.
- 6.4 A Director shall mandatorily attend at least 75% of Board and Board sub-committee meetings held in a calendar year.
- 6.5 Questions arising at any meeting of the Directors shall be decided by a majority of votes. Each Director shall have one (1) vote, and in the event of an equality of votes, the Chairperson shall have a casting vote.

7. THE CHAIRPERSON

- 7.1 The Chairperson shall provide leadership to the Board and shall ensure that the Board plays a full and constructive part in the determination of the Company's strategies and policies.

- 7.2 The Chairperson shall lead and maintain control at meetings of the Board and provide reasonable time for deliberations of matters under consideration to ensure that Board decisions are taken in the Company's best interests. If necessary, Board resolutions shall be put to a vote to ensure that it is a majority decision taken in a democratic matter.
- 7.3 The Chairperson shall act as the spokesperson for and on behalf of the Board as the main representative of the Company at shareholders' meetings and on other occasions where key or major actions are taken, or public statements are made in the name of the Company, and where it is deemed appropriate, the Chairperson may delegate this function to the Managing Director/Executive Directors
- 7.4 The responsibilities of the Chairperson include:
- (i) chairing meetings of the Board in such a manner that will stimulate debate on matters to be decided by the Board and encourage effective contribution from each member;
 - (ii) chairing meetings of Shareholders and ensuring effective communication with Shareholders and relevant stakeholders;
 - (iii) ensure proper committee structure, including assignments of members and committee chairpersons.
 - (iv) ensure that all Directors, upon taking up their office, are fully briefed on the terms of their appointment, time and commitment, duties and responsibilities and the business of the Company;
 - (v) managing the processes of the Board and ensuring that the Board and each individual Director discharges their responsibilities; and
 - (vi) establishing and monitoring good corporate governance practices.

8. EXECUTIVE DIRECTORS

- 8.1 The Executive Directors including the Managing Director shall be employees of the Company and shall be accountable to the Board for the overall organization and management of the Company.
- 8.2 The responsibilities of Executive Directors shall include:
- (i) managing the overall business and affairs of the Company and overseeing the day-to-day operations of the Company;
 - (ii) foster a corporate culture among employees that promotes ethical practices, encourages individual integrity and fulfillment of corporate social responsibility;
 - (iii) develop and recommend to the Board, the Company's operational plans and budgets that support the Company's long-term strategy;
 - (iv) ensure the achievement of the Company's objectives and goals as detailed in the strategic plan;

- (v) recommend management structure and operating authority levels which includes delegation of responsibilities to management;
- (vi) ensure that the Company has an effective management team and an active plan for its development and succession;
- (vii) formulating and overseeing the implementation of major corporate policies; and
- (viii) liaising with the Chairperson and the Board to carry out other duties as directed by the Board as a whole.

8.3 At the commencement of every calendar year, the Board shall, in consultation with the Executive Directors set short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that are to be met by the Company during the year.

9. THE COMPANY SECRETARY

9.1 The Board shall appoint a qualified Company Secretary to act as the Company Secretary and an advisor to the Board on governance functions arising from Secretarial duties and shall have unlimited access to the professional advice and services of such Company Secretary.

9.2 The Company Secretary shall assist the Board and its sub-committees to perform their respective functions effectively and in accordance with the applicable laws, regulatory requirements and internal policies and procedures.

9.3 The duties of the Company Secretary shall include the following:

- (i) attending Board meetings and recording minutes of such meetings;
- (ii) advising the Board of its roles and responsibilities and ensuring that the Board adheres to internal policies and procedures;
- (iii) providing updates and advising the Board on corporate disclosures and compliance with the applicable laws including the Companies Act, rules and regulations issued thereunder and the Listing Rules;
- (iv) monitoring developments in corporate governance best practices and assisting the Board in the application of such corporate governance policies to meet the requirements of the Board and all stakeholders; and
- (v) notifying the Board of any possible violations of regulatory requirements.

9.4 The Company Secretary shall ensure that 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 Director abstained from voting or discussing on a matter.

9.5 Upon conclusion of the meeting, minutes shall be circulated by the Company Secretary in a prompt and timely manner.

10. CONFLICTS OF INTEREST

10.1 Directors shall inform the Board of any conflicts or potential conflicts of interests they may have in relation to particular items of business transacted by the Company.

10.2 A Director who is interested in a transaction entered into or to be entered into by the Company, may, upon due disclosure of his/her interest:

- (i) vote on a matter relating to a transaction;
- (ii) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purpose of a quorum;
- (iii) sign a document relating to the transaction on behalf of the Company;
- (iv) do any other thing in his capacity as a director in relation to that transaction.

Provided however that if a Director has a material personal interest in a matter being considered at a Board meeting to approve a related party transaction (within the meaning of the Listing Rules) such Director shall not (i) be present while the matter is being considered at the meeting; and (ii) vote on the matter.

10.3 The Directors shall comply with the provisions of the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the Company's Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees, when trading in the Company's listed securities.

11. APPRAISAL OF THE BOARD

11.1 The Board shall undertake a formal and transparent self-appraisal process to evaluate the effectiveness of individual Directors, the Board as a whole and its sub-committees in respect of their skills, experience and contribution made to the Board and the Company. This process shall be overseen by Nominations and Governance Committee.

11.2 A questionnaire will be circulated to all Board members, either in physical form or by virtual means as decided by the Nominations and Governance Committee, and the responses shall be collected and collated by the Company Secretary on behalf of the Nominations and Governance Committee.

11.3 The Nominations and Governance Committee, upon discussion of the results, will present the findings to the Board.

12. REVIEW AND MONITORING

- 12.1 The Nominations and Governance Committee will from time to time 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.
- 12.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.
- 12.3 This Policy is to be read in conjunction with the Articles and other relevant Company Policies, including:
- (i) Policy on Corporate Governance, Nominations and Re-election;
 - (ii) Policy on Board Committees; and
 - (iii) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees (including policies on trading in the Company's listed securities).