

POLICY ON BOARD COMMITTEES

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POLICY ON BOARD COMMITTEES

1. OVERVIEW

The Board of Directors of the Company has adopted this Policy on Board Committees to serve as a framework to the Committees appointed by the Board to perform their duties with integrity, honesty and in a professional manner in accordance with 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;

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

“**Company**” means 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;

“**Employee**” or “**Employees**” means a person or persons employed by the Company including executive and non-executive staff;

“**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 or who is designated as such, after being appointed to the Board on fulfilling the criteria for independence;

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

“**Non-Executive Director**” means a Director who is not an Executive Director;

“**Policy**” means this policy on board committees;

“**Related Party**” shall have the same meaning as defined in the Sri Lanka Accounting Standards on Related Party Transactions (LKAS 24);

“**Related Party Transaction**” shall have the same meaning as defined in the Sri Lanka Accounting Standards on Related Party Transactions (LKAS 24);

“**Senior Management**” means the Managing Director and Executive Director/s and any other Officer designated as the Senior Management by the Board from time to time;

“**Shareholder**” shall have the same meaning as defined in section 86 of the Companies Act.

3. 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.

4. 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.

5. BOARD COMMITTEES

5.1 The Board delegates its powers and authority to sub-committees in order to ensure greater effectiveness and efficiency in the discharge of its functions. In accordance with the requirements set out in the Listing Rules, the following committees have been constituted at present:

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

5.2 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 or resigns from his/her membership in the committee in accordance with this Policy or if the relevant Committee is reconstituted by the Board by appointing a new member/s in place of an existing member/s.

- 5.3 Members of Board committees may resign from their membership with prior written notice to the Board and the Board will review and approve the appointment of another Director to fill the vacancy created, in keeping with requirements for the composition of the Committee.
- 5.4 The Chairperson of each Board committee shall be an Independent Director appointed by the Board. Chairpersons of the Board's committees, or in his/her absence another member of the committee shall attend the annual general meeting to address any concerns/ requests for clarifications raised by Shareholders.
- 5.5 The Chairperson of the Board shall not serve as chairperson of a Board committee.
- 5.6 The Company Secretary shall serve as the secretary of all Board committees, provided however that, if the Board so decides, the Chief Internal Auditor of the Company (if appointed) may function as the Secretary to the Audit committee.

6. THE NOMINATIONS AND GOVERNANCE COMMITTEE

- 6.1 The Nominations and Governance Committee shall be appointed by the Board and shall comprise of not less than three (3) Non-Executive Directors of the Company, of which at least two (2) Directors shall be Independent Directors, or if the number of members exceeds three (3) Non-Executive Directors, a majority shall be Independent Directors.
- 6.2 The scope and object of the Nominations and Governance Committee include:
- (i) formulation of policies that provide for a formal and transparent procedure / framework for the nomination, appointment, election and/or re-election of directors to the Board and the appointment of members to Board committees;
 - (ii) formulation of policies that sets out the framework for governance of the Company including corporate governance policies and compliance manuals taking into account the Listing Rules, other applicable regulatory requirements and laws and industry/international best practices;
 - (iii) determining the number of Directors to be appointed to the Board subject to the minimum number as stipulated by the Listing Rules read together with the Articles of Association of the Company;

- (iv) evaluating the fitness and propriety of persons for appointment, election, re-appointment and/or re-election as directors to the Board and making recommendations to Board;
- (v) making recommendations to the Board on the exceptions to the maximum number of Directorships that could be held by a Director of the Company ;
- (vi) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the Executive Directors of the Company to ensure that their responsibilities are satisfactorily discharged ;
- (vii) Develop succession plan for Board of Directors and Key Management Personnel of the Company;
- (viii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities;
- (ix) Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating thereto;
- (x) Receive reports from the Management on compliance with the corporate governance framework of the Company including the Company's compliance with provisions of the applicable laws, Listing Rules together with any deviations/non-compliances and the reasons / explanations therefor; and
- (xi) Overseeing and evaluating the compliance by the Company with the governance framework.

6.3 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 the Chairperson or a member (whose requisition shall be approved by the Chairperson) of the Nominations and Governance Committee, request a special meeting.

7. THE REMUNERATION COMMITTEE

7.1 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) Directors shall be Independent Directors, or if the number of members exceeds three (03) Non-Executive Directors, a majority shall be Independent Directors.

7.2 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 recommendations to the Board with regard to the fixing of remuneration of the Executive Directors and also Non-Executive Directors;
- (iii) reviewing and formulating policies and processes for performance reward plans, evaluation modules and determinations on emoluments to Executive Directors; and
- (iv) reviewing the performance of, and recommending to the Board for approval the annual total remuneration packages of Executive Directors which include salaries, performance rewards, profit share, bonuses, incentives, other benefits in kind, compensation payments, including compensation for loss or termination of office;

7.3 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 the Chairperson or a member (whose requisition shall be approved by the Chairperson) of the Remuneration Committee, request a special meeting.

8. THE AUDIT COMMITTEE

8.1 The Audit Committee shall be appointed by the Board and shall comprise of not less than three (3) Non-Executive Directors of the Company, of which at least two (2) Directors shall be Independent Directors, or if the number of members exceeds three (3) Non-Executive Directors, a majority shall be Independent Directors.

8.2 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.

8.3 The core responsibilities of the Audit Committee include:

- (i) 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;
- (ii) 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;
- (iii) assessing the performance of the Company's internal audit function and the effectiveness of internal controls;
- (iv) 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;

- (v) ensuring that the Company's internal controls and risk management procedures are adequate to meet the applicable auditing standards;
- (vi) 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;
- (vii) reviewing and recommending the remuneration and terms of engagement of the external auditor to the Board.

Additionally, the Audit Committee's functions shall include those functions referred to in Rule 9.13.4 of the Listing Rules which are not expressly incorporated herein.

- 8.4 If the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the requirements of the Listing Rules, the Audit Committee shall promptly report such matter to the Colombo Stock Exchange.
- 8.5 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 the Chairman or a member (whose requisition shall be approved by the Chairperson) of the Audit Committee, request a special meeting.

9. THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- 9.1 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, or if the number of members exceeds three (3) Non-Executive Directors, a majority shall be Independent Directors.
- 9.2 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 favourable treatment than accorded to third parties in the normal course of business.
- 9.3 The responsibilities of the Related Party Transactions Review Committee include:
- (i) monitoring, reviewing, considering for approval and making recommendations to the Board in relation to Related Party Transactions and managing conflicts of interest;
 - (ii) providing an independent review, approval and oversight of Related Party Transactions;
 - (iii) establishing guidelines in respect of Recurrent Related Party Transactions for Senior Management to follow in its ongoing dealings with the relevant Related Party; and

- (iv) 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 is taken into account when entering into Related Party Transactions.
- (v) establishing and maintaining a clear policy, procedure and process for the identification, clarification and reporting on the Related Party Transactions of the Company.

9.4 The Related Party Transactions Review Committee shall meet at least once in three months or more frequently, if necessary for the purpose of considering Related Party Transactions.

10. PROCEEDINGS OF MEETINGS

10.1 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.

10.2 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.

10.3 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.

10.4 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.

10.5 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.

10.6 Board committees may request other Directors or 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.

10.7 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.

- 10.8 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.
- 10.9 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.
- 10.10 A resolution in writing signed by all the members of a committee for the time being shall be valid and effectual as if it had been passed at a meeting of the committee. All such resolutions shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions “in writing” or “signed” include approval by legible confirmed transmission by facsimile or other forms of electronic communication.

11. REVIEW AND MONITORING

- 11.1 The Nominations and Governance Committee of the Company 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.
- 11.2 Upon the Board’s approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.
- 11.3 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 Internal Code of Business Conduct and Ethics for all Directors and Employees (including policies on trading in the Company’s listed securities);
 - (iii) Policy on Remuneration; and
 - (iv) Policy on Corporate Disclosures.