



POLICY

**ON THE MATTERS RELATING
TO THE BOARD OF DIRECTORS**

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This document is issued under the authority of the Board of Directors of Malwatte Valley Plantations PLC (“the Company”) in compliance with the Listing Rules of the Colombo Stock Exchange (“CSE”). Duplication and distribution of this document without an authorized release is strictly prohibited.

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1. Purpose

The purpose of this policy is to establish guidelines and procedures relating to the functioning and responsibilities of the Board of Directors of Malwatte Valley Plantations PLC (“the Company”).

This policy ensures that the Board operates effectively, fulfills its legal and ethical obligations, and maintains high standards of corporate governance.

2. Composition of the Board

2.1 Size of the Board:

Board shall consist of a minimum of Five (05) Directors in accordance with the prevailing rules of the CSE. The positions of the Chairman, Managing Director, Chief Executive Officer and Director Finance shall be held by Executive Directors, who are the Key Management Personalities in driving the business. The Board shall always ensure compliance on the required number of Independent Directors on the Board and also satisfy the CSE requirement on membership relating to the various Sub-Committees. The Directors ensure that the board members have time enough to adequately consider the issues affecting the company and to decide on matters in an efficient and effective manner that serves the shareholders best in their long-term interests.

2.2 Diversity:

The Company is committed to diversity and inclusivity on the Board, considering factors such as gender, ethnicity, age, and professional background.

2.3 Independence:

The number of Independent Directors shall be in accordance with the requirement of the Listing Rules of the Colombo Stock Exchange.

3. Roles and Functions of Chairman, Managing Director and CEO

3.1. Functions of the Chairman:

The Chairman leads the Board of Directors, ensuring it operates effectively and fulfills its responsibilities. The Chairman, in consultation with the Managing Director (MD) and Company Secretary, sets the agenda for Board meetings, ensuring that all relevant issues are included and given due consideration. The Chairman presides over Board meetings, ensuring they are conducted in an orderly manner and that all directors have the opportunity to contribute. The Chairman facilitates discussions and decision-making processes, ensuring that meetings are productive and outcomes are clear and agreed upon by the Board. The Chairman plays a key role in the development of the Company’s strategic direction, working closely with the MD and senior management.

The Chairman oversees the implementation of the Company's strategy, monitoring performance against agreed objectives and goals. The Chairman leads the process of evaluating the performance of individual directors and the Board as a whole, identifying areas for improvement. The Chairman represents the Board in communications with shareholders, ensuring their views and concerns are heard and addressed. The Chairman may represent the Company in external matters, including industry forums, regulatory bodies, and other stakeholders. The Chairman maintains a close working relationship with the MD, providing support and guidance while respecting the MD's executive responsibilities. The Chairman fosters a collaborative and constructive atmosphere within the Board, managing conflicts and ensuring diverse viewpoints are considered. The Chairman ensures that the Board's policies and procedures are implemented effectively, maintaining high standards of corporate governance. The Chairman oversees the Company's compliance with legal and regulatory requirements, ensuring that the Board fulfills its fiduciary duties.

The Chairman leads the process of Board succession planning, ensuring that the Board remains capable and diverse. The Chairman works with the Board to develop and implement succession plans for key executive positions, including the MD. The Chairman provides leadership during times of crisis, ensuring the Board responds effectively to challenges and maintains the confidence of stakeholders. The Chairman may act as the spokesperson for the Board in crisis situations, communicating clearly and effectively with stakeholders.

The Chairman upholds and promotes the Company's code of conduct and ethical standards, leading by example and ensuring that the Board adheres to these principles. The Chairman fosters a culture of integrity and accountability within the Board and the Company.

3.2. Functions of the Managing Director:

The Managing Director (MD) develops and articulates the company's vision, mission, and strategic objectives, ensuring alignment with the Board's directives. The MD leads the strategic planning process, setting long-term goals and identifying key initiatives to drive growth and profitability. The MD oversees the daily operations of the company, ensuring efficient and effective management across all departments. The MD allocates resources, including financial, human, and technological, to optimize operational performance and achieve strategic goals. The MD leads the budgeting process, establishing financial targets and forecasts to guide the company's financial planning. The MD monitors financial performance, analyzing financial reports, and taking corrective actions to meet financial objectives. The MD provides leadership and direction to the senior management team, fostering a collaborative and high-performance culture. The MD oversees talent management processes, including recruitment, development, and retention of key personnel. The MD acts as the primary liaison between the Board of Directors and the company's management, ensuring effective communication and alignment. The MD represents the company in external matters, including relationships with customers, suppliers, regulators, and other

stakeholders. The MD ensures that the company complies with all relevant laws, regulations, and industry standards. The MD supports the implementation of corporate governance policies and practices, promoting ethical conduct and accountability. The MD establishes and monitors key performance indicators (KPIs) to track the company's progress toward strategic goals. The MD identifies areas for performance improvement and implements initiatives to enhance operational efficiency and effectiveness. The MD leads the identification and assessment of risks that could impact the company's operations and strategic objectives. The MD develops and implements risk mitigation strategies to minimize potential negative impacts on the company. The MD fosters a culture of innovation, encouraging the development of new products, services, and business models. The MD identifies and pursues opportunities for business expansion, including new markets, partnerships, and acquisitions. The MD ensures that accurate and timely reports are provided to the Board, detailing the company's performance, challenges, and opportunities. The MD communicates effectively with all stakeholders, ensuring transparency and building trust. The MD leads the company's response to crises, ensuring that appropriate measures are taken to manage and resolve issues. The MD oversees communication during crises, ensuring that information is conveyed accurately and promptly to all relevant parties. The MD shapes and promotes the corporate culture, aligning it with the company's values and strategic objectives. The MD fosters employee engagement and motivation, ensuring a positive and productive work environment.

3.3 Functions of the CEO:

The CEO carries on the day-to-day administrative activities of the business areas entrusted to him. The CEO when initiating such activities is obliged to get prior approval from the managing director or must take relevant steps to engage in such activities in consultation with the managing director.

The CEO supports the MD in developing and articulating the company's vision, mission, and strategic objectives. The CEO supports the MD during the strategic planning process, to help set long-term goals and identify key initiatives to drive growth and profitability within the areas of business entrusted to him. The CEO oversees the daily operations of the areas of business entrusted to him, ensuring efficient and effective management across all relevant departments. The CEO manages all the resources allocated to him including financial, human, and technological to optimize operational performance and achieve strategic goals.

The CEO ensures the goals set in the form of budgets and financial, crop, and quality targets and all other relevant Key Performance Indicators across all business areas entrusted to him are achieved. The CEO provides leadership and direction to his senior management team, setting them targets and controlling their achievement on a monthly basis. The CEO is responsible for the recruitment, development and retention of key personnel within the areas of business entrusted to him. The CEO is responsible for identifying and managing and mitigating all forms of risk within the business areas entrusted to him.

3.4 Senior Independent Director

The Company shall appoint an Independent Director as the Senior Independent Director in the following instances:

- The position of the Chairperson and CEO are held by the same individuals.
- The Chairperson is an Executive Director.
- The Chairperson and CEO are Close Family Members or Related Parties.

3.5 Board Composition

The composition of the Board is critical as they collectively set the tone at the top level. The Company shall ensure required diversity in Board composition to ensure Board effectiveness in terms of experience, skills, competencies, age, gender and industry requirement. The current Board is facilitated with members who have had full experience in plantation, export, shipping, International Trade Management and Accounting proficiency.

3.6 Board Meetings

The Board shall meet at least once a quarter. Special meetings may be called as needed. A board member failing to attend at least two-thirds of the meetings during a period of twelve months immediately preceding or has not attended the immediately preceding three consecutive meetings held, without obtaining leave, may result in him/her deemed to have vacated his/her post as a director of the board. Participation in the Directors' Meetings through an alternate Director shall be acceptable as participation by the Director.

The Chairperson, in consultation with the MD and Company Secretaries shall set the agenda for each meeting. Any or all the board members may participate in any meeting using audio visual means and any such participation may be taken into account as if he/she was physically present. Minutes of Board meetings shall be accurately recorded and maintained by the Company Secretaries.

4. Evaluation and Compensation

The Company shall obtain declarations from the 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 Listing Rules, during the financial year concerned and satisfies the said criteria as at the date of such confirmation.

The Company shall also have a periodic evaluation of the performance of the Board of Directors and the CEO to ensure satisfactory discharge of their responsibilities. The Nominations and Governance Committee shall be responsible for the above.

The Remuneration Committee shall review and recommend the compensation of directors, ensuring it is competitive and aligns with the Company's objectives.

5. Mechanism for ensuring compliance with the listing rules

The Nominations and Governance Committee, with the assistance of the Company Secretaries shall, review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements. The said Committee shall periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to the same, as a best practice. The said Committee shall also receive reports from the Management on compliance with the corporate governance framework of the Company including Company's compliance with provisions of the SEC Act, Listing Rules and other applicable laws, together with any deviations/non-compliances and the rational for same

6. Trading in Securities

The members of the board of directors shall make an immediate disclosure of any trades in company shares.

7. Maximum number of Directorships in listed entities

Any member of the board may hold up to a sum of maximum of 3 directorships in any other Listed Entities at any one time.

9. Selection and Appointment of Directors.

The Nominations and Governance Committee shall evaluate the appointment of Directors to the Board of Directors and Board Sub-Committees of the Company. The Committee shall consider and recommend the appointment / re-appointment / re-election of an existing Director, taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company. Candidates should possess the necessary skills, experience, and integrity to effectively oversee the Company's management.

10. Duties and Responsibilities

10.1 Fiduciary Duties:

Directors owe fiduciary duties of care, loyalty, and good faith to the Company and its shareholders.

10.2 Oversight:

The Board oversees the Company's management, ensuring that the business is conducted in a sound and ethical manner.

10.3 Strategic Planning:

The Board is responsible for approving and monitoring the Company's strategic plans and objectives.

10.4 Risk Management:

The Board oversees the Company's risk management policies and procedures.

11. Committees

11.1 Establishment:

The Board shall establish committees as necessary to facilitate its duties, and to comply with the Listing Rules; which includes Audit, Remuneration, Related party and Nomination Committees.

11.2 Charters:

Each committee shall operate under a charter that defines its purpose, composition, and responsibilities.

11.3 Reports:

Committees shall regularly report their activities and findings to the Board.

12. Conflicts of Interest

12.1 Disclosure:

Directors must disclose any potential conflicts of interest to the Board.

12.2 Recusal:

A director with a conflict of interest shall recuse themselves from discussions and decisions on the matter.

13. Training and Development

Orientation: New directors shall receive an orientation program to familiarize them with the Company's business, strategy, and governance practices.

14. Communication with Shareholders

Communication with shareholders shall be managed by the Company Secretaries. While the Annual General Meeting (AGM) shall be the main platform for shareholders to communicate with the Board and management. Shareholders shall have the opportunity to ask questions, comment or make suggestions to the Board through

the Company Secretaries. All significant issues and concerns of shareholders shall be referred to the Board with the views of the Management. Shareholder queries will be responded to by the Company Secretaries for and on behalf of the Management. Opportunity shall also be provide to address the Board directly at AGMs.

The Board shall approve the quarterly Financial Statements for dissemination to shareholders through the CSE in a timely manner. All other price sensitive information shall be notified promptly to the CSE.

15. Policy Review

This policy shall be reviewed annually by the Board to ensure its continued relevance and effectiveness. Amendments to this policy shall be approved by the Board.

Issued By

Frits Bogtstra – Chairman

Effective from 1st October, 2024

