



POLICY

ON BOARD COMMITTEES

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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. Overview

Board committees are specialized groups within a Board of Directors that focus on specific areas of the organization's governance and operations. These committees allow the Board to manage its responsibilities more effectively by dividing tasks among smaller groups of directors who have relevant expertise or interest in particular areas.

2. Definitions

The following words and expressions shall have the respective meanings given against each such word:

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

“**Board**” means the Board of Directors of the Company.

“**The Company**” means Malwatte Valley Plantations PLC.

“**Director**” or “**Directors**” means a director or the directors (as the case may be) for the time being of the Company.

“**CSE**” means Colombo Stock Exchange.

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

“**Policy**” means this policy governing the Board Committees.

“**Close Family Member**” shall mean close members of the family of a person are those family members who may be expected to influence or be influenced by, that person in their dealings with the Company and include:

- (a) That person's children and spouse or domestic partner.
- (b) Children of that person's spouse or domestic partner; and
- (c) Dependents of that person or that person's spouse or domestic partner

“**Related Party Transactions**” shall have the same meaning as defined in the Sri Lanka Accounting Standards on Related Party Transactions.

“**Related Party**” shall have the same meaning as defined in the Sri Lanka Accounting Standards on Related Party Transactions.

“**Total Assets**” shall mean the aggregate value of both current assets and non-current assets of the Company excluding any intangible assets. In the case of a group entity, consolidated total assets are considered.

“**Equity**” shall mean net assets of the Company excluding redeemable and/or non-convertible preference shares issued by the Company.

“**Recurrent Related Party Transactions**” shall mean Related Party Transactions involving the provision of goods and services or financial assistance, which are carried out on a continuing basis. Recurring business are expected to extend over a period of time. Such transactions are usually transactions in the ordinary and usual course of business of the Company.

“Same Related Party Transactions” shall mean transactions between the Company or its fully owned subsidiaries and the related parties who are members of the same group.

3. Purpose

Board Committees are the Management framework that facilitates the Board of Directors of Malwatte Valley Plantations PLC to discharge their responsibilities and will formulate appropriate checks and balances to ensure that the Corporate Governance process is upheld at all times.

The Board shall ensure that the following Board Committees are established and maintained at a minimum and are functioning effectively. The Board Committees at minimum shall include:

- Nominations and Governance Committee
- Remuneration Committee
- Audit Committee
- Related Party Transactions Review Committee

The Board shall appoint the Company Secretaries as the Secretaries to the Board Committees to arrange the meetings and maintain minutes, records, etc., under the supervision of the Chairman of the respective committees. The Board shall present a report on the performance of each committee, on their duties and roles in the Annual Report.

The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees.

4. Nominations and Governance Committee

a. Composition

The Nominations and Governance Committee of the Company shall be comprised of the required number of Independent Directors in compliance with the Listing Rules of the CSE.

The Chairperson and the members of the Nominations and Governance Committee are to be identified in the Annual Report of the Company.

b. Functions

The functions of the Nominations and Governance Committee are;

- i. To evaluate the appointment of Directors to the Board of Directors and the Board Committees of the Company.
- ii. To consider and recommend (or not recommend) the re-appointment of current Directors taking into account:

- the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities; and
 - the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- iii. To establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.
 - iv. To establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific requirements
 - v. To establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the the MD and CEO of the Company to ensure that their responsibilities are satisfactorily discharged
 - vi. To develop succession plan for the Board of Directors and Key Management Personnel of the Company
 - vii. To review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
 - viii. To review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the CSE, other applicable regulatory requirements and industry/international best practices.
 - ix. To periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.
 - x. To receive reports from the Management on compliance with the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the CSE and other applicable laws, together with any deviations/non-compliances and the rational for same.

c. Disclosures in the Annual Report of the Company

The Annual Report of the Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson.

The said report shall include the following.

- (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members);
- (b) the date of appointment to the Committee.
- (c) whether a documented policy and processes are in place when nominating Directors;

- (d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years.
- (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance.
- (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.
- (g) The following information regarding Directors who are re-elected or being proposed for re-election during the year:
 - Board Committees served on (as a member or Chairperson),
 - Date of first appointment as a Director,
 - Date of last re-appointment as a Director,
 - Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,
 - Any relationships including close family relationships between the candidate and the directors, the Company or its shareholders holding more than ten per-centum (10%) of the shares of the Company.
- (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Company as specified in Rule 9.11.5 of the CSE.
- (i) Processes adopted by the Company to inform the Independent Directors of major issues relating to the Company;
- (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement.
- (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.
- (l) A statement that the Directors of the Company meet the criteria for determining independence.
- (m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Company's fail to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non- compliance.

d. Meeting Frequency and Attendance

The Nominations and Governance Committee shall meet at least 1 time per year or whenever it is deemed necessary.

5. Remuneration Committee

5.1 Composition

The Remuneration Committee of the Company shall be comprised of the required number of Independent Directors in compliance with the Listing Rules of the CSE.

The Chairperson and the members of the Nominations and Governance Committee are to be identified in the Annual Report of the Company.

5.2 Functions

5.2.1 The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration

5.2.2 Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.

5.2.3 The Remuneration Committee shall recommend the remuneration payable to the Executive Directors, MD and CEO of the Company and/or equivalent position thereof to the Board of the Company which will make the final determination upon consideration of such recommendations.

5.2.4 The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.

5.3 Disclosure in the Annual Report of the Company

The Annual Report should set out the following:

- (a) Names of the Chairperson and members of the Remuneration Committee
- (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.

5.4 Meeting Frequency and Attendance

The Remuneration Committee shall meet at least 1 time per year or whenever it is deemed necessary.

6. Audit Committee

6.1.1 Composition

The Audit Committee of the Company shall be comprised of the required number of Independent Directors in compliance with the Listing Rules of the CSE. The Chairperson and the members of the Audit Committee are to be identified in the Annual Report of the Company.

- 6.1.2 The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.
- 6.1.3 The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market..
- 6.1.4 An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors
- 6.1.5 Unless otherwise determined by the Audit Committee, the Chairman of the Board, the MD, CEO and the Director Finance of the Company shall attend the Audit Committee meetings by invitation

The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body

6.2 Functions

The functions of the Audit Committee include the following:

- 6.2.1 To oversee the Company's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements
- 6.2.2 To review the quarterly results and year-end financial statements of the Company prior to tabling for the approval of the Board of Directors of the Company with special reference to:
 - a. changes in or implementation of major accounting policy changes.
 - b. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - c. compliance with accounting standards and other legal requirements;
 - d. any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
 - e. any letter of resignation from the external auditors of the Company and,

- f. whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment
- 6.2.3 To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.
- 6.2.4 To obtain and review assurance received from:
 - (a) the MD, the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
 - (b) the MD and CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems
- 6.2.5 To review the internal controls in place to prevent the leakage of material information to unauthorized persons.
- 6.2.6 To oversee the processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- 6.2.7 To review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.
- 6.2.8 To review the risk policies adopted by the Company on an annual basis.
- 6.2.9 To take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Company's policies and regulatory requirements.
- 6.2.10 To review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.
- 6.2.11 To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.
- 6.2.12 if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.

6.2.13 Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in breach of these Requirements, the Audit Committee shall promptly report such matter to the CSE.

6.3 Disclosures in the Annual Report of the Company

6.3.1 The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Company. The Audit Committee Report shall set out the manner in which the Company has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.

6.3.2 The Audit Committee Report shall contain the following disclosures:

- (a) the names of the Chairperson and the members of the Audit Committee.
- (b) The status of risk management and internal control of the Company.
- (c) A statement that it has received assurance from the MD, CEO and the CFO of the Company's operations and finances.
- (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.
- (e) whether the Company has a formal Audit Charter.
- (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;
- (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Company;
- (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.

6.4 Meeting Frequency and Attendance

The Audit Committee shall meet at least 4 times per year. Special meetings may be called as needed.

7. Related Party Transactions Review Committee

7.1 Composition

The Related Party Transactions Review Committee of the Company shall be comprised of the required number of Independent Directors in compliance with the Listing Rules of the CSE. The Chairperson and the members of the Nominations and Governance Committee are to be identified in the Annual Report of the Company.

7.2 Functions

- 7.2.1 To review the Related Party Transactions as set out herein.
- 7.2.2 The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions.
- 7.2.3 When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality.
- 7.2.4 The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Company's operations.

7.3 General Requirements

- 7.3.1 The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.
- 7.3.2 The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.
- 7.3.3 Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.

7.3.4 If a Director of the Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in rule 9.14.4(3) of the CSE, such Director shall not:

- (a) be present while the matter is being considered at the meeting; and,
- (b) vote on the matter.

7.4 Review of Related Party Transactions by the Related Party Transactions Review Committee

7.4.1 Subject to the exemptions given in terms of Rule 9.14.10 of the CSE, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.

7.4.2 In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) of the CSE, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.

7.4.3 The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable:

- (i) the Related Party's relationship to the Company and interest in the transaction;
- (ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;
- (iii) The benefits of the proposed Related Party Transaction to the Company;
- (iv) the availability of other sources of comparable products or services; and
- (v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.

7.4.4 In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate:

- (i) the facts and circumstances made available to it as set out above,
- (ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/or Audit

Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and

- (iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules.

7.4.5 No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.

7.4.6 If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

7.5 Shareholder Approval

7.5.1 The Company shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions:

(A) If a non-recurrent transaction.

- (i) Any Related Party Transaction of a value equal to, or more than:
 - (a) one third (1/3) of the Total Assets of the Company as per the latest Audited Financial Statements of the Company; or
 - (b) one third (1/3) of the Total Assets of the Company as per the latest Audited Financial Statements of the Company, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year.
- (ii) If the Company acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company or its associates.

(B) If a recurrent transaction.

Any recurrent Related Party Transaction of a value equal to, or more than:

- (i) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) of the Company.
- (ii) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) as per the latest Audited Financial Statements of the Company, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year;

And;

- (iii) the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.

7.5.2 In relation to Rules 9.14.6 (1) (A) (i) (b) and 9.14.6 (1)(B) (ii) of the CSE, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

7.5.3 If a transaction requires shareholder approval as set out in the Rules 9.14 of the CSE, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

7.6 Immediate Disclosures

The Company shall make an immediate Market Announcement to the Exchange.

- (a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Company as per the latest Audited Financial Statements; or
- (b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Company as per the latest Audited Financial Statements. The Company shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Company, entered into with the same Related Party during the financial year.

The Market Announcement to the Exchange shall include:

- (i) the date of the transaction or the period where applicable
- (ii) the name of the relevant Related Party
- (iii) the relationship between the Company and the Related Party.

- (iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at
- (v) the rationale for entering into the transaction.
- (vi) the following statement:

“The Related Party Transactions Review Committee of the Company is of the view that the transaction/s is/are on normal commercial terms and is/are not prejudicial to the interests of the Company and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction.”

- (vii) the aggregate value of the Related Party Transactions for the financial year with the particular Related Party whose transaction is the subject of the announcement and the aggregate value of all non-recurrent Related Party Transactions for the same financial year.

7.7 Disclosures in the Annual Report of the Company

7.7.1 In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Company, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual Report in the tabular format as per Rule 9.14.8 of the CSE.

7.7.2 In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Company must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the tabular format as defined in Rule 9.14.8(2) of the CSE.

7.7.3 The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:

- The names of the Directors comprising the Committee.
- A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors.
- The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.

- 7.7.4 An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Company has not entered into any Related Party Transaction/s a negative statement to that effect.

7.8 Acquisition and Disposal of Assets from/to Related Parties

- 7.8.1 Except for transactions set out in Rule 9.14.10 of the CSE, the Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution.

An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Entity as per the latest Audited Financial Statements.

- 7.8.2 If a transaction requires shareholder approval as set out in Rule 9.14.9(1) of the CSE, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

- 7.8.3 Rule 9.14.9(1) of the CSE does not apply to:

- a transaction between the Company and a wholly owned subsidiary.
- a transaction between wholly owned subsidiaries of the Company.
- a takeover offer made by the Company in accordance with Takeovers and Mergers Code 1995 (as amended).
- any transaction entered by the Company with a Bank as principal, on arm's length terms and in the ordinary course of its banking business.

- 7.8.4 The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from an independent professional expert with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same Company or the relevant Related Party shall not be eligible to give such advice.

For the purpose of this Rule;

"Independent professional expert" shall mean an individual or entity who/ which:

- (i) does not have a shareholding carrying 10% or more of the voting rights of the Company or the Related Party; or,
- (ii) does not have an income/non-cash benefits from the Company, or the Related Party equivalent to twenty percent (20%) of the individual's or entity's annual income.

- 7.8.5 The competent independent advice obtained in terms of Rule 9.14.9 (4) of the CSE should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.14.9 (1) of the CSE.
- 7.8.6 The competent independent advice required in terms of Rule 9.14.9 (4) of the CSE shall include:
- (a) the key assumptions, conditions or restrictions that impact the estimate value;
 - (b) the different valuation methodologies considered and employed in valuing the subject asset/s and justification for adopting one or more of them in the valuation;
 - (c) the sources of information relied upon for the valuation;
 - (d) the identity of individuals participating in the valuation assignment and their qualifications;
 - (e) statement confirming the independence of the parties participating in the advice;
 - (f) a statement as to whether the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and its shareholders as a whole.

7.9 Exempted Related Party Transactions

As per Rule 9.14.10 of the CSE;

The following Related Party Transactions shall not fall within the ambit of these Rules:

- (a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of the Company or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favourable to the Related Party than those generally available to the public.
- (b) The payment of dividend, issue of Securities by the Company by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares.
- (c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules).
- (d) A transaction in marketable securities carried out in the open market where the counter party's identity is unknown to the Company at the time of the transaction.

- (e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a company whose activities are regulated by any written law relating to licensed banks, finance companies or insurance companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka.
- (f) Directors' fees and remuneration, and employment remuneration.

7.10 Meeting Frequency and Attendance

The Related Party Transactions Review Committee shall meet at least 4 times per year. Special meetings may be called as needed.

Issued By

Frits Bogtstra - Chairman

Effective from 1st October, 2024

