



# **POLICY**

**ON CORPORATE GOVERNANCE,  
NOMINATIONS AND RE-ELECTION**

## **POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION**

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.

### **Document Control**

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## 1. Overview

Corporate governance and nominations policies are essential documents that outline the principles, guidelines, and procedures a company follows to ensure ethical governance and the appropriate selection of board members and executives.

## 2. Definitions

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

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

“**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**” Colombo Stock Exchange.

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

“**Policy**” means this Policy on Corporate Governance, Nominations and Re-Election.

## 3. Purpose

The purpose of this policy is to establish a framework for good corporate governance to ensure that Malwatte Valley Plantations PLC (“the Company”) operates ethically, transparently, and in the best interests of its shareholders and stakeholders.

This policy is in compliance with the relevant Rules of the Colombo Stock Exchange, Furthermore, it defines the company’s policy on Corporate Governance, Nominations and Re-appointment.

## 4. Policy relating to Governance

### 4.1 Board Composition

**Size of the Board:** The 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 for 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.

**Diversity:** The Company shall diversify and include it on the Board, considering factors such as gender, ethnicity, age, and professional background.

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

## 4.2 Independence Criteria

A Director shall not be considered independent if he/she:

- i. has been employed by the Listed Entity during the period of three (3) years immediately during the period of three (3) years immediately preceding appointment as a director.
- ii. currently has/had during the period of three (03) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly.
- iii. currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity.
- iv. has a Significant Shareholding in the Listed Entity.
- v. has served an aggregate period of nine (09) years on the Board of the Listed Entity from the date of the first appointment.
- vi. is employed in another company or business:
  - a. in which a majority of the other directors of the Listed Entity are employed or are directors; or
  - b. in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or
  - c. that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.
- vii. is a director of another company:
  - a. in which a majority of the other directors of the Listed Entity are employed or are directors; or
  - b. that has a Business Connection in the Listed Entity or a Significant Shareholding.
- viii. has a Material Business Relationship or a Significant Shareholding in another company or business:
  - a. in which a majority of the other directors of the Listed Entity are employed or are directors; and/or
  - b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or
  - c. where the core line of business of such company is in direct conflict with the line of business of the Listed Entity.
- ix. is above the age of seventy (70) years.

### **4.3 Board Responsibilities**

The Board of Directors is responsible for overseeing the management of the company, ensuring compliance with laws, and representing the interests of shareholders. The Board shall establish committees (e.g., Audit, Nominations, Remuneration, Related Party Transactions) to assist in carrying out its duties effectively.

### **4.4 Code of Conduct**

Directors, executives, and employees are expected to adhere to the highest standards of integrity and ethics. The company will foster a culture of honesty, accountability, and transparency.

### **4.5 Shareholder Rights**

The company respects the rights of shareholders and ensures they receive timely, accurate information about the company's performance. Shareholders have the right to vote on significant matters as per the rules of the CSE.

### **4.6 Transparency and Disclosure**

The company will provide timely and accurate disclosure of financial and non-financial information. All communications with shareholders and stakeholders will be conducted in a transparent and honest manner.

### **4.7 Board Composition**

The Board shall have an appropriate balance of skills, experience, independence, and diversity. Regular evaluations of the Board's performance and composition will be conducted.

### **4.8 Compliance**

The company will comply with all relevant laws, regulations, and corporate governance standards. A whistleblower policy will be in place to allow confidential reporting of unethical conduct.

### **4.9 Review of Policy**

This policy will be reviewed annually to ensure it remains relevant and effective.

## **5. Policy relating to Nominations and Re-elections**

### **5.1 Nominations and Governance Committee**

Nominations and Governance Committee shall be established in compliance with Listing Rules of the CSE.

The said Committee shall be responsible for identifying, evaluating, and recommending candidates for board and executive positions.

When a Director is 70 years of age and come for re-appointment under Section 211 of the Companies Act, No. 07 of 2007, the Committee shall propose that the appointee/ies is/are fit and proper to continue as Director.

## 5.2. Selection Criteria

Candidates will be selected based on qualifications, experience, diversity, and ability to contribute to the company's success.

The committee will consider the skills mix on the Board and any gaps that need to be filled.

The selection of a candidate shall comply with the rules of the CSE and take the following criteria into consideration.

### i. Honesty, Integrity and Reputation

A Director or the CEO of a Listed Entity shall not be considered 'fit and proper' if she or he:

- a. has been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka.
- b. in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority.
- c. has been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.
- d. has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.
- e. has been disqualified from acting as a Director or CEO of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.
- f. has been disqualified from acting as a CEO/Key Management Person/ Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.

- g. has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of CSE.

ii. Competence and Capability

A Director or the CEO of an Entity shall not be considered as 'fit and proper' if she or he:

- a. does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of the CSE which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (as applicable).
- b. has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.

iii. Financial Soundness

A Director or the CEO of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he:

- a. is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka.
- b. has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka.
- c. has been in a position capable of exercising significant influence in a company that has:
  - been declared bankrupt within or outside of Sri Lanka; or
  - its assets sequestrated for the non-satisfaction of a judgment debt.

### **5.3 Diversity and Inclusion**

The company is committed to diversity and inclusion in the nomination process. Efforts will be made to ensure a diverse range of candidates are considered, reflecting the company's commitment to gender, ethnic, and skill diversity.

### **5.4 Nomination Process**

The committee will conduct a thorough search for potential candidates using various methods, including external search firms.

Candidates will be interviewed by the committee and other relevant stakeholders.

The committee will recommend the most suitable candidates to the Board for approval.



## 5.5 Performance Evaluation

The Performance of the Chairman, MD and CEO will be done on a yearly basis by the Nominations and Governance Committee. The Performance of these Key Individuals will be done, based on the overall performance of the Company and the Roles and Functions defined and documented in the Company's Policy on matters relating to the Board of Directors.

The results of the Performance Evaluation will be communicated personally and separately to these individuals to give them feedback, enabling them to take corrective action where deemed necessary.

## 5.6. Succession Planning

The committee will develop and maintain a succession plan for the Board and senior management to ensure continuity of leadership.

Potential internal and external candidates will be identified and developed for future leadership roles.

## 6. Re-Appointments

A Director who is 70 years of age, shall be re-appointed under Section 211 of the Companies Act, No. 07 of 2007.

## 7. Review of Policy

This policy will be reviewed annually by the Nominations Committee to ensure it remains aligned with the company's strategic objectives and governance best practices.

Issued By .....

  
Frits Bogtsra - Chairman

Effective from 1st October, 2024

