

# **POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY**

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## POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

### 1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company to serve as a framework to be followed by the Company in ensuring that the corporate culture within the Company is built around ESG in its business operations, decision-making processes and all its activities.

### 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;

**“Central Environmental Authority”** means the governing body established under the National Environmental Act No. 47 of 1980 (as amended);

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

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

**“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;

**“ESG”** means environmental, social and governance factors;

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

**“MD”** means the Managing Director of the Company;

**“Policy”** means this policy on environmental, social and governance sustainability;

**“Senior Management”** means the Managing Director, Director Group Marketing, General Manager (Finance)

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

### **3. PURPOSE**

The purpose of this Policy is to provide information of the Company’s ESG processes and procedures which focus on the non-financial performance indicators that address its approach towards responsible investment, sustainability, its impact on the larger society and the environment and other ethical governance considerations.

This Policy sets out the standards and requirements of the Company in relation to matters in relation to ESG.

### **4. SCOPE**

This Policy applies to the Company and covers all Directors, Senior Management, other Employees, Shareholders and investors to the extent applicable.

### **5. ENVIRONMENTAL FACTORS**

- 5.1 The Company shall be committed to reducing its energy and carbon footprint in an attempt to positively contribute to the global approach towards climate change and adopt a sustainability program committed to environmentally sustainable initiatives in its power and energy projects that deliver effective results, efficiency and value for the Company, its Employees and the wider public.
- 5.2 The Company recommends the use of sustainable material within the Company and actively promotes a paper-free office in a conscious effort to reduce paper usage in its operations, transactions and communications with all stakeholders.
- 5.3 The Company aims to reduce the use of single-use plastic within the Company and its projects as well as at its promotional, marketing and outreach events.
- 5.4 The Company is working towards monitoring and reducing energy consumption by incorporating energy efficient resources wherever possible, in its strategy to promote environment friendly initiatives.
- 5.5 Additionally, the Company shall conduct regular programs to educate its Employees on the importance adopting an environment friendly approach in conducting its operations and the policies and internal procedures introduced by the Company to comply with the same.
- 5.6 The Company shall comply with the National Environmental Act No. 47 of 1980 (as amended) and all rules and regulations on environmental protection of the Central Environmental Authority, to the extent applicable to the operations of the Company.

- 5.7 The Company procures the necessary supplies/services for its operations from ESG compliant suppliers/service providers in order to further enhance and establish its proactive commitment to this Policy.

## **6. SOCIAL AND GOVERNANCE FACTORS**

- 6.1 The Company aims to foster an environment that values and nurtures its Employees and assists them in their unique talents and contributions to the Company, thereby cultivating and building an inclusive workplace. The Company shall:
- (i) ensure all Employees are fairly compensated for their contribution and remunerations of Employees shall be at industry standards;
  - (ii) provide Employees with the necessary resources and training to promote efficiency;
  - (iii) implement and promote a positive and conducive work environment; and
  - (iv) ensure the health and safety of all Employees and provide appropriate healthcare benefits and medical care to all its Employees.
- 6.2 The Company aims to establish gender, age and ethnic diversity across the Company's workforce as a combination of individuals representing different groups can provide a range of perspectives and experiences resulting in improved decision-making and effective results.
- 6.3 The Company discourages harassment/ discrimination on the basis of gender, age, ethnicity, race, age, physical ability, socio-economic status or any other grounds. Complaints against such behaviour among Employees shall be forwarded to the Company's Chief HR Officer whose contact details are provided below:

Mr. Athula Hewapathirana  
Chief HR Officer  
Lanka Walltiles PLC,  
215, Nawala Road, Narahenpita  
Colombo -05  
+94114526700  
[athula@lankatiles.com](mailto:athula@lankatiles.com)

The Chief HR Officer shall take necessary action after consulting with the relevant heads of division or the MD, as necessary.

- 6.4 The Company shall work towards greater integration of social considerations in its procurement process by working closely with its suppliers/service providers to promote better labour practices.
- 6.5 The role of the chairperson of the Board and the MD shall be separated in accordance with the Listing Rules, to ensure that adequate checks and balances are in place in the overall leadership of the Company.

- 6.6 The Board and its Employees strictly adhere to its internal policies and procedures in order to ensure efficient implementation of internal governance framework. Non-compliance with the Company's policies and procedures will result in an inquiry against the Employee and/or disciplinary action if required.
- 6.7 The Company shall make charitable donations on an annual basis as determined by the Board or the Managing Director and its Shareholders at the annual general meeting of the Company. Additionally, the Company aims to assist marginalized communities in the country through well-structured programs in an attempt to assist the wider society.
- 6.8 Inclusive growth and equitable development is encouraged by the Company in carrying out its activities and the Company shall engage with and provide value to all external stakeholders in a responsible manner.
- 6.9 Personal data of external stakeholders provided to the Company shall be treated with confidentiality and processed and recorded in compliance with the Personal Data Protection Act No. 09 of 2022 and its amendments.

## **7. DISCLOSURES**

- 7.1 The Company shall disclose the policies and procedures adopted by the Company and any other information relevant including measures taken to reduce its carbon footprint, diversity in its Board and workforce, in its annual report.
- 7.2 The Company's Employees, Shareholders, investors are encouraged raise their concerns/make suggestions in relation to ESG policies and procedures to the company secretary whose contact details are provided below:

P W Corporate Secretarial (Pvt) Ltd  
No. 3/17, Kynsey Road,  
Colombo 08  
Telephone : + 94 -11 - 4640360-3  
Facsimile : + 94 -11 - 4740588  
E-mail : pwcs@pwcs.lk

The company secretary shall direct such concerns/suggestions to the Board and the Board shall release such information so requested or address queries raised in accordance with the Company's internal policies, including the Policy on Relations with Shareholders and Investors.

## **8. REVIEW AND MONITORING**

- 8.1 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 as may be required to the Board for its review and final approval.

8.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.

8.3 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 Investment with Shareholders and Investors;
- (iv) Policy on Control and Management of Company Assets and Shareholder Investments; and
- (v) Policy on Corporate Disclosures.

**POLICY ON INTERNAL CODE OF  
BUSINESS CONDUCT AND ETHICS FOR  
ALL DIRECTORS AND EMPLOYEES**

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**Document Control**

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# POLICY ON INTERNAL CODE OF BUSINESS CONDUCT FOR ALL DIRECTORS AND EMPLOYEES

## 1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company in conformity with the Listing Rules to set forth broadly the standards of conduct and principles to be adhered to by Directors and employees in carrying out their respective duties and responsibilities to the highest standards of personal and corporate integrity.

## 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**” 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 elected by the Directors, from time to time;

“**Company**” means Lanka Tiles PLC;

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

“**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;

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

“**MD**” means the Managing Director of the Company;

“**Policy**” means this policy on internal code of business conduct and ethics for all Directors and Employees (including policies on trading in the Company’s listed securities);

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

**“Whistleblower Protection Officers”** means any officer designated to receive complaints/disclosures in accordance with the Policy on Whistleblowing.

### **3. PURPOSE**

The purpose of this Policy is to ensure that Directors and Employees of the Company adhere to the highest code of business conduct and ethical considerations in all of their activities whether specifically covered in this Policy or otherwise.

### **4. SCOPE**

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

### **5. GENERAL DUTIES AND RESPONSIBILITIES**

- 5.1 The Directors shall, at all times, act in good faith and in the best interests of the Company’s shall adhere to all other duties of directors set forth in sections 187 to 190 of the Companies Act. Each Director shall accordingly exercise reasonable care, skill and diligence with the knowledge, skill and experience which may be reasonably be expected of him/her.
- 5.2 In carrying out their respective duties and responsibilities, Directors and Employees shall,
- (i) act in accordance with the applicable laws, Articles and internal procedures/policies of the Company;
  - (ii) act in good faith, in the best interests of the Company, its Shareholders, internal and external stakeholders;
  - (iii) exercise his/her duties with due and reasonable care and skill;
  - (iv) ensure that the Company’s records, whether financial or non-financial, provide an honest and accurate reflection the transactions/ events that have transpired;
  - (v) conduct oneself in a professional manner and treat peers and colleagues with respect, fairness and dignity;
  - (vi) ensure that the work environment at the Company is fair and non-discriminatory;
  - (vii) promote good employment practices;
  - (viii) provide equal opportunities for all individuals based on skills and relevant expertise/experience;
  - (ix) refrain from taking part in any illegal activities within the Company premises or on the Company’s behalf;

- (x) refrain from having any material association with an individual, firm or body corporate engaged in similar business to that of the Company, without obtaining the prior approval of the Company;
- 5.3 Employees shall comply with adhere to the provisions of their respective employment contracts and shall not engage in any conduct in contravention of such provisions including the provisions that prohibit engaging in businesses and undertakings that are in competition with the business of the Company.
- 5.4 All property, assets and resources of the Company only shall be used for the business of the Company. Directors and Employees of the Company shall ensure the protection and efficient use of the Company's assets in accordance with the Company's Policy on the Control and Management of Company Assets and Shareholder Investments.
- 5.5 Each Director and Employee shall endeavour to deal fairly the Company's customers, suppliers and competitors and refrain from taking unfair advantage of the other through manipulation, concealment, abuse of privileged information, misrepresentation, concealment of material facts or any other unfair dealing practice.

## **6. CONFLICTS OF INTEREST**

- 6.1 A conflict of interest is any activity that may or gives the appearance of impropriety or divided loyalty.
- 6.2 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.
- 6.3 All Employees of the Company shall immediately disclose any conflicts or potential conflicts they may have in relation to the business activities of the Company to their immediate supervisors and refrain from participating in any discussion/decision-making process in respect of such matters in which they have a conflicting interest.
- 6.4 Where a question arises as to whether or not a matter involves a conflict of interest for a Director, the matter shall be brought to the attention of the Chairperson of the Board. The Chairperson shall make a decision in respect of the same and such decision shall be final and conclusive. In case of an Employee, such matter shall be brought to the attention of the MD who will make a final determination in respect of the matter.

## **7. BRIBERY AND CORRUPTION**

All Directors and Employees shall adhere to the Company's Policy on Anti-bribery and Corruption in their business dealings on behalf of the Company.

## **8. CONFIDENTIALITY**

- 8.1 Proprietary information and trade secrets of the Company must be held in strict confidence and adequate care shall be exercised to avoid any inadvertent/inappropriate disclosure of such confidential information.
- 8.2 Directors and Employees shall not, either directly or indirectly, divulge to any person, firm or body corporate any confidential information relating to the Company, including its business transactions or dealings.
- 8.3 Confidential information may be disclosed if required by law or by an administrative authority after obtaining approval therefor from the Board.
- 8.4 The use and processing of all personal information relating to customers, Employees and other stakeholders of the Company shall be in conformity with the Personal Data Protection Act, No. 09 of 2022 and its amendments.
- 8.5 *[Include any other policy, requirement or standard that is currently being followed by the Company which the Company wishes to continue post listing]*

## **9. TRADING IN THE COMPANY'S SHARES**

- 9.1 Directors and Employees shall comply with the provisions of the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and its amendments when trading in the Company's listed securities.
- 9.2 If a Director or an Employee of the Company is in possession of Company information which is not generally available to the public and may impact the price of the Company's share, such Director or Employee shall not trade in the Company's share, either directly or indirectly.
- 9.3 Directors and Employees shall not disclose material information which is not generally available to the public to any third party who may use such information to gain an unfair advantage when trading in the Company's shares.

## **10. ENCOURAGING THE REPORTING OF ILLEGAL/UNETHICAL BEHAVIOUR**

- 10.1 Any activity or behaviour in contravention of this Policy shall be reported to the Whistleblower Protection Officer, in accordance with the Company's Policy on Whistleblowing.

- 10.2 Any person who makes a disclosure will be offered protection as detailed in the Policy on Whistleblowing provided that provided that (i) such disclosure was made without malicious intent and (ii) you had, at the time of making the disclosure, reasonable grounds to believe that the information provided by you is true and warranted an investigation.
- 10.3 The Company will investigate all matters reported under this policy as soon as practicable, after the matter has been reported. For the avoidance of doubt, investigations into any complaint made under this Policy will be carried out in terms of the Company's Policy on Whistleblowing.

## **11. REVIEW AND MONITORING**

- 11.1 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 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 matters relating to the Board of Directors;
  - (ii) Policy on Corporate Governance, Nominations and Re-election;
  - (iii) Policy on Board Committees;
  - (iv) Policy on Environmental, Social and Governance Sustainability;
  - (v) Policy on Control and Management of Company Assets and Shareholder Investments;
  - (vi) Policy on Corporate Disclosures; and
  - (vii) Policy on Anti-Bribery and Corruption.

# **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 law 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 elected 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 Lanka Tiles PLC and includes, when the context so requires, any subsidiary of Lanka Tiles 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 and a maximum of eleven (11) directors 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 elected 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 [*please insert a number in accordance with the Company's policy ( )*] other companies in addition to the Company's Board. Exceptions to these limits will be determined by the Board 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 may provide a range of perspectives and experiences resulting in improved decision-making.

- 5.6 The Finance Department of the Company 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 the quarterly meeting of the Board.
- 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 month 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 50% or *[please insert a minimum number]*, whichever is higher, 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.

## **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.

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 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/ financial 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 an advisor to the Board on governance functions 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 its amendments 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 will be conducted by the Company's compliance division and 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).

# **POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS**

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**Document Control**

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**Document Approvers**

S. No.	Approver	Approved Date
1.	Board of Directors	[ 26 <sup>th</sup> September 2024 ]

**Document Change Approvals**

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

# POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

## 1. OVERVIEW

The Board of Directors of the Company has adopted this Policy to provide the framework for the shareholders to be fully informed about the Company and have access to the relevant information pertaining to the Company in a timely manner.

## 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**” means the articles of association of the Company, as amended from time to time;

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

“**Company**” means Lanka Tiles PLC;

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

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

“**Director**” or “**Directors**” means a director of 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;

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

“**MD**” means the Managing Director of the Company;

“**Policy**” means this policy on relations with shareholders and investors;

“**Related Party**” 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, Director Group Marketing, General Manager (Finance)

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

### **3. PURPOSE**

The purpose of this Policy is to promote open, effective dialogue with the Company’s Shareholders and investors to guarantee systematic disclosure of exhaustive, transparent and timely information on its business activities and governance.

This Policy sets out the standards and requirements of the Company with regard to relations with shareholders and investors.

### **4. SCOPE**

This Policy applies to the Company and covers all Directors, Senior Management, other Employees, Shareholders and investors to the extent applicable.

### **5. GENERAL MEETINGS**

- 5.1 The Company shall convene the general meetings of shareholders of the Company in accordance with the Articles and the relevant provisions of the Companies Act. Such meetings shall be the primary forum for communication by the Company with its shareholders.
- 5.2 Notices of each general meeting shall be dispatched according to the relevant provisions of the Articles prior to the date of the meeting along with the circulars, procedures governing voting and other documents relevant to the matters to be discussed at the meeting.
- 5.3 Meetings of shareholders shall be held either (i) physically or (ii) through audio and visuals or other electronic means (virtual meetings) or (iii) as combination of both methodologies where shareholders who are unable to attend a physical meeting are allowed to participate through electronic audio/visual means (hybrid meeting), as determined by the Board. If the meeting is a virtual meeting or a hybrid meeting, the Company shall comply with the guidelines issued by the Colombo Stock Exchange in relation to virtual meetings and hybrid meetings and published on the website of the Colombo Stock Exchange.
- 5.4 Shareholders are encouraged to participate in general meetings or appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.
- 5.5 All Directors, including the Chairperson, chairpersons of the Board’s sub-committees and the external auditor shall attend the annual general meeting to address any concerns/ requests for clarifications raised by shareholders. Senior executives may attend general meetings at the request of the Board.

## **6. CORPORATE DISCLOSURES/COMMUNICATIONS**

- 6.1 Corporate disclosures/communications including notices of general meetings and the Company's annual reports shall be sent to Shareholders by registered post, courier and/or electronic mail as opted by the Shareholder and will be shared on the Company's website.
- 6.2 The Company shall make the requisite arrangements to ensure that Company records are made available for the inspection of a shareholder who has made a written request in relation thereto, in accordance with sections 119 and 121 of the Companies Act.

## **7. GENERAL INQUIRIES**

- 7.1 Shareholders and investors may at any time direct their general inquiries in relation to the Company and its activities.
- 7.2 Shareholders and investors should direct their concerns/requests to the Company Secretary whose contact details are provided below:

P W Corporate Secretarial (Pvt) Ltd  
No. 3/17, Kynsey Road,  
Colombo 08  
Telephone : + 94 -11 - 4640360-3  
Facsimile : + 94 -11 - 4740588  
E-mail : pwcs@pwcs.lk

- 7.3 The Company Secretary shall direct such concerns/ requests to the Board and the Board shall release such information so requested or address queries raised after careful consideration of relevant factors including the nature and sensitivity of the information requested. However, any information that must be mandatorily disclosed to a shareholder by law/ is in public domain, shall be disclosed without further consideration.
- ~~7.4~~ All communications with Shareholders and investors shall be approved by the Board and in the event this is not practical, such communications shall be approved by the Chairperson or the Senior management.
- 7.5 The Board shall ensure effective and timely dissemination of information to Shareholders and investors.
- 7.6 The Company Secretary shall maintain a record of all general inquiries received from Shareholders and investors and the Company's response to the same.
- 7.7 The Company recognizes the importance of Shareholders' privacy and will not disclose personal information of Shareholders without their consent, unless otherwise required by law/regulatory authority.

## **8. MATERIAL TRANSACTIONS AND OTHER PRICE SENSITIVE INFORMATION**

- 8.1 The Board shall make relevant disclosures to the Colombo Stock Exchange of any material transactions and other information, which the Board considers to be price sensitive in the context of the securities of the Company, that are required to be disclosed in terms of the Listing Rules. With regard to any transaction that is a major transaction for the Company within the meaning of section 185 of the Companies Act, the Company shall proceed with such transaction only if approved by the Shareholders in accordance with section 185 of the Companies Act.
- 8.2 Additionally, the approval of Shareholders by special resolution shall be obtained for identified transactions with a Related Party in accordance with Rule 9.14.9 of the Listing Rules. Such approval shall be obtained 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.
- 8.3 In the course of obtaining Shareholder approval as indicated in sections 8.1 and 8.2 herein, the Company shall disclose to Shareholders the purpose and all material facts of such transaction and address any concerns raised by Shareholders in relation thereto.

## **9. REVIEW AND MONITORING**

- 12.1 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 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 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 Control and Management of Company Assets and Shareholder Investments; and
  - (iv) Policy on Corporate Disclosures.

# **POLICY ON REMUNERATION**

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Head of Human Resources.

**Document Control**

1.	Document Title	Policy on remuneration
2.	Date of Release	[ 01 <sup>st</sup> October 2024 ]
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**Document Approvers**

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1.	Board of Directors	[ 26 <sup>th</sup> September 2024 ]

**Document Change Approvals**

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

# POLICY ON REMUNERATION

## 1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company in conformity with the Listing Rules to provide for the framework for remuneration to Directors and Employees in accordance with the Companies Act, the relevant labour laws, 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;

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

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

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

“**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;

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

“**Policy**” means this policy on remuneration;

“**Senior Management**” means the Managing Director, Director Group Marketing, General Manager (Finance)

## 3. PURPOSE

The purpose of this Policy is to establish the relevant criteria and guidelines in respect of the remuneration paid to Directors and all Employees.

#### **4. SCOPE**

This Policy applies to the Company, the Directors and all Employees including members of the Senior Management.

#### **5. REMUNERATION OF DIRECTORS**

5.1 The remuneration to the Directors shall be adequate to attract and retain qualified members to the Board with the requisite professional skill, experience and competence necessary to ensure the development and growth of the Company while ensuring the Company's sustainability.

5.2 As authorized by the Articles, the Board may approve,

- (i) the payment of any remuneration and/or other benefits by the Company to a Director for services as a Director or for services rendered to the Company in any other capacity;
- (ii) the payment by the Company to a Director or a former Director of compensation for loss of office; and
- (iii) the entering into by the Company of a contract to do any of the above,

if the Board is satisfied to do so is fair to the Company.

5.3 The Directors shall receive a fixed fee, as determined by the Board, for their attendance at Board meetings/Board sub-committee meetings and such fee shall be assessed and may be reviewed on an annual basis. When determining the fee, the Board shall take into account the relevant experience and expertise of the Director and the extent of involvement that is expected of the Director as a member of the Board as well as in any Board sub-committee.

5.4 The Directors shall also be entitled to be repaid all travelling, hotel or other expenses properly incurred by them or with a view to the performance of their duties including attendance at Board meetings.

5.5 Directors may also receive additional remuneration, as determined by the Board, for services performed by them by virtue of any other office or position held by him in the Company in conjunction with their directorship.

5.6 The Board shall comply with its obligations under section 216 of the Companies Act read together with the Articles, when approving remuneration of Directors including in determining the basis under which such remuneration may be considered fair to the Company.

## **6. EMPLOYEES' REMUNERATION STRUCTURE**

- 6.1 The Employees shall be adequately compensated for their services rendered to the Company.
- 6.2 Remuneration of Employees shall be determined in a manner that ensures consistency and uniformity across various categories of employment and in compliance with the relevant laws and regulations including,
- (i) The Shop and Office Employees (Regulation of Employment and Remuneration) Act No. 19 of 1954;
  - (ii) Employees Provident Fund Act, No. 19 of 58;
  - (iii) Employees Trust Fund Act, No. 46 of 1980;
  - (iv) Budgetary Relief Allowance of Workers Act, No 04 of 2016; and
  - (v) Payment of Gratuity Act No. 12 of 1983.
- 6.3 The total remuneration of all Employees will be decided by the Board on the recommendation of the Remuneration Committee and shall include,
- (i) fixed remuneration;
  - (ii) variable remuneration;
  - (iii) other benefits, including in non-cash form (if applicable);
  - (iv) severance payments; and
  - (v) any transfer of units or shares of the Company (if applicable).
- 6.4 The fixed and variable components of total remuneration shall be appropriately balanced, and the fixed component shall represent an adequately high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility and option of paying no variable component.
- 6.5 Fixed remuneration of Employees shall be set on an individual basis considering the position held by the Employee, market standards in respect of the position the Employee holds and non-financial criteria including,
- (i) the description and complexity of the position;
  - (ii) responsibilities and risks related to the position;
  - (iii) level and hierarchy of the position;
  - (iv) market practice in respect of the position;
  - (v) data available for comparison;
  - (vi) the Employee's previous work experience;
  - (vii) educational level and specific technical knowledge;

- (viii) unique skill level or expertise of the Employees that is not easily or readily replaceable; and
  - (ix) any other criteria as determined by the Board.
- 6.6 The Board may also decide to provide other benefits to the Employees including health insurance and allowances for travel, internet, telephone and/or educational/professional development programs.
- 6.7 The fixed remuneration of Employees shall be paid on a monthly basis on the day of every month after making the requisite statutory deductions, including tax.
- 6.8 Variable remuneration including bonuses and performance-based benefits shall be granted at the discretion of the Board, to motivate and reward employees for exceptional performance. In deciding to recommend payment of variable remuneration to employees, the Remuneration Committee shall take into account,
  - (i) overall individual performance of the Employee;
  - (ii) accomplishment of the tasks and responsibilities;
  - (iii) key performance indicators;
  - (iv) performance of the Company;
  - (v) the effect of the variable compensation on the economic soundness of the Company;
  - (vi) consideration of existent and potential future risks generated or directly linked with the variable compensation; and
  - (vii) any other criteria as determined by the Board.
- 6.9 Where variable remuneration is directly correlated to the performance of the Employee, the performance appraisal of such Employee shall be analysed by reviewing the achievement of pre-determined objectives as set and agreed upon by the relevant Employee and their respective heads of division/ supervising authority.
- 6.10 The Board may, from time to time, introduce schemes that allow Employees to participate in an equity-based incentive programs as determined by the Board, in order to create long-term shareholder value and ensure the Company's achievement of its long-term strategic goals in a sustainable manner.
- 6.11 The total remuneration of all Employees shall be reviewed annually and from time to time and increments shall be provided as determined by the Board on the recommendation of the Remuneration Committee.

## **7. INSURANCE AND INDEMNIFICATION**

- 7.1 The Company shall effect customary directors and officers insurance covering the Directors and Senior Management.
- 7.2 To such extent such insurance coverage should prove to be insufficient, the Company may in certain cases decide to indemnify the Directors and Senior Management covered by the Policy, to the fullest extent as permitted by law (including the Companies Act) and the Articles, for additional claims incurred, provided that such claims did not result from willful misconduct or otherwise criminal offenses.

## **8. PERFORMANCE APPRAISAL**

- 8.1 All Employees shall undertake an annual performance review with their relevant heads of divisions. The performance of each Employee shall be assessed by a comparison of the Company's strategic achievements against the Employee's responsibilities and key performance indicators.
- 8.2 The performance of Senior Management shall be assessed annually by the Board or the superior, with input from the Remuneration Committee.
- 8.3 Directors shall be assessed on their performance as part of their annual self-assessment process.

## **9. NEW RECRUITMENTS**

- 9.1 In the case of new recruitments, the Company shall seek to align the remuneration package with the existing Policy.
- 9.2 The Company's policy on recruitment is to offer a compensation package which is sufficient to attract, retain and motivate the individual with the appropriate skills for the relevant role.
- 9.3 In assessing the remuneration of a new recruit, the Company shall consider all relevant factors including the experience and caliber of the candidate and the candidate's remuneration package at his/her previous place of employment.

## **10. REVIEW AND MONITORING**

- 10.1 The Remuneration Committee shall from time to time review this Policy, monitor its implementation to ensure continued effectiveness and compliance with regulatory requirements and shall make recommendations on any proposed revisions as may be required to the Board for its review and final approval.

- 10.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.
- 10.3 This Policy is to be read in conjunction with the Articles and other relevant Company policies, including:
- (i) Policy on Corporate Governance, Nomination 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 matters relating to the Board of Directors; and
  - (iv) Policy on Board Committees.

# **POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS**

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Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Company Secretary.

**Document Control**

1.	Document Title	Policy on Board Committees
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**Document Change Approvals**

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# POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

## 1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company in conformity with the Listing Rules to establish a framework to identify, assess, mitigate and monitor risks across all aspects of the Company's operations.

## 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”** means the articles of association of the Company, as amended from time to time;

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

**“Company”** means Lanka Tiles PLC;

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

**“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;

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

**“MD”** means the Managing Director of the Company;

**“Policy”** means this policy on risk management and internal control.

## 3. PURPOSE

The Policy aims to ensure that risks are managed effectively with adequate internal controls to protect the interests of all stakeholders, maintain business continuity and enhance the Company's resilience in the face of uncertainties.

#### **4. SCOPE**

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

#### **5. GOVERNANCE AND RESPONSIBILITY**

5.1 The Board has the ultimate oversight of the Company's risk management activities. The implementation and oversight of the risk management framework is delegated by the Board to the Audit Committee.

5.2 In carrying out their respective duties and responsibilities, the Audit Committee shall guide the management in,

- (i) identifying and assessing potential risks associated with the Company's activities, including strategic, operational, financial and regulatory risks;
- (ii) implementing measures to mitigate and control identified risks to an acceptable level;
- (iii) the regular monitoring and review of risk exposure and mitigation efforts to adapt to changing circumstances;
- (iv) fostering a risk-aware culture within the Company, where all Employees are encouraged to report potential risks and contribute to risk management efforts.

5.3 The Company's risk management framework shall comply with the applicable laws, regulations and industry standards. Additionally, Employees shall adhere to the Company's Policy on Internal Code of Business Conduct and Ethics for all Directors when identifying, assessing and managing risks.

5.4 Employees shall receive regular training on risk management principles, processes and tools to their relevant roles. Awareness seminars and workshops may be conducted to promote a culture of risk awareness and encourage proactive risk reporting.

5.5 The risk management framework shall be periodically reviewed on an annual basis and updated to reflect changes in the business environment, emerging risks and lessons learned from past experiences. Feedback from stakeholders including Employees, customers and suppliers may be sought to identify areas of improvement.

#### **6. RISK IDENTIFICATION AND ASSESSMENT**

6.1 Risks shall be identified through regular risk assessments, which may include workshops, surveys, and consultation with relevant stakeholders. This step aims to

identify sources of risks, areas of impact, events, their causes and potential consequences.

- 6.2 Risks shall be categorized based on their nature, severity, and likelihood of occurrence.
- 6.3 Risk assessments shall consider both internal and external factors, including market conditions, regulatory changes, technological advancements, and competitive landscape.

## **7. RISK MITIGATION AND INTERNAL CONTROL**

- 7.1 Upon identification and assessment, risks shall be prioritized based on their potential impact and likelihood.
- 7.2 The Company shall ensure that high-priority risks, are treated in one of the following ways:
  - (i) Risk Avoidance – Avoiding the risk by deciding not to commence/continue with the activity that gives rise to the identified risk;
  - (ii) Risk Reduction – Involves reducing the severity or loss or the likelihood of the loss from occurring.
  - (iii) Risk Transfer – Sharing the burden of loss or the benefit of gain from an identified risk with another party.
  - (iv) Risk Acceptance – Involves accepting the loss or benefit from a risk when it occurs.
- 7.3 All risks that are not avoided or transferred are retained by default.
- 7.4 Internal controls shall be periodically tested on an annual basis and reviewed to ensure their effectiveness and compliance with the applicable regulations and industry standards.

## **8. MONITORING AND REPORTING**

- 8.1 Key risk indicators shall be established to monitor changes in risk exposure, effectiveness of internal controls and identify emerging risks.
- 8.2 Regular risk reporting shall be provided to the Board and Senior Management to keep them informed of the company's risk profile, control environment and compliance status.

- 8.3 Any significant changes in risk exposure or unforeseen events shall be promptly reported to the MD who may escalate the matter to the Audit Committee, if necessary.

## **9. REVIEW AND MONITORING**

- 9.1 The Audit 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 as may be required to the Board for its review and final approval.
- 9.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.
- 9.3 This Policy is to be read in conjunction with the Articles and other relevant Company policies, including:
- (i) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees;
  - (ii) Policy on Control and Management of Company Assets and Shareholder Investments; and
  - (iii) Policy on Anti-Bribery and Corruption.

# **POLICY ON WHISTLEBLOWING**

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## ***Document Control***

1.	Document Title	Policy on Whistleblowing
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## ***Document Approvers***

<b>S. No.</b>	<b>Approver</b>	<b>Approved Date</b>
1.	Board of Directors	[ 26 <sup>th</sup> September 2024 ]

## ***Document Change Approvals***

<b>Section / Page No.</b>	<b>Description of Amendment</b>	<b>Reason for Amendment</b>	<b>New Version No. and Effective Date</b>	<b>Amendment done by</b>	<b>Approved by</b>

# POLICY ON WHISTLEBLOWING

## 1. OVERVIEW

At the Company, we are guided by our values. These values are the foundation of how we conduct ourselves and interact with each other, our clients, members, service providers, shareholders and other stakeholders.

The Company is committed to ensuring corporate compliance and promoting ethical corporate culture by observing the highest standards of fair dealing, honesty, and integrity in our business activities.

## 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:

**“Company”** means Lanka Tiles PLC;

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

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

**“MD”** means the Managing Director of the Company;

**“Policy”** means this policy on whistleblowing;

**“Reportable Conduct”** means any conduct or malpractice described under section **Error! Reference source not found.** of this Policy;

**“Whistleblower”** means an individual who discloses a Reportable Conduct;

**“Whistleblower Protection Officers”** means any officer designated to receive complaints/disclosures in accordance with this Policy identified under section **Error! Reference source not found.** herein.

### **3. PURPOSE**

This Policy has been established to ensure that any concern raised regarding any misconduct, improper state of affairs or circumstances in relation to the Company's business are dealt with effectively, securely, appropriately, and in accordance with the applicable legal framework.

The Company encourages the reporting of any instances of suspected unethical, wrongful, illegal, corrupt, fraudulent, or undesirable conduct involving the Company's business and provides protections to individuals who make a disclosure in relation to such conduct, without fear of retaliation.

The Policy conforms to the applicable legal framework and will be disclosed on the Company's website in accordance with Rule 9.2.1 of the Listing Rules.

### **4. SCOPE**

This Policy applies to the Company and any person who is, or has been, any of the following with respect to the Company:

- Director
- Employee
- Service providers (including employees of service providers)
- Suppliers (including employees of suppliers)
- A dependent or spouse of any of the above.

### **5. REPORTABLE CONDUCT**

5.1 An individual may make a report or disclosure under this Policy if he/she has reasonable grounds to believe that a director, officer, employee, service provider, supplier or consultant of the Company or any other person who has business dealings with the Company has engaged in Reportable Conduct which is:

- (i) dishonest, fraudulent, corrupt, illegal or wrongful;
- (ii) breach of the Company's policies;
- (iii) oppressive or grossly negligent;
- (iv) breach of confidentiality or privacy;
- (v) misuse of social media;
- (vi) violation of any law/sub-legislation or applicable to the Company;
- (vii) potentially damaging to the Company, its employees or a third party;
- (viii) misconduct or an improper state of affairs;
- (ix) a danger, or represents a danger to the public or financial system; or
- (x) harassment, discrimination, victimization or bullying.

5.2 The Company shall have the discretion to decide if there are reasonable grounds to substantiate that the Reportable Conduct is being carried out and/or whether any conduct constitutes a Reportable Conduct.

## **6. REPORTING PROCEDURE**

- 6.1 Any Reportable Conduct may be reported to the Whistleblower Protection Officer listed below via email, by telephone or by means of a physical meeting, upon request:

Mr. J A P M Jayasekera  
Managing Director  
mahendra@lankatiles.com

A disclosure can be made outside of business hours by contacting the above Whistleblower Protection Officer via email.

- 6.2 Whistleblower Protection Officers may provide assistance to a Whistleblower in obtaining any additional information required, before making a disclosure or for any clarification regarding this Policy.
- 6.3 The Whistleblower Protection Officers will safeguard the interests of the complainant and ensure the integrity of the reporting mechanism.
- 6.4 The Complainant shall include as much information as possible, including the background/nature of the Reportable Conduct, when and where it happened and any supporting evidence (if any) when making a disclosure in accordance with this Policy.
- 6.5 A disclosure may be made anonymously. However, as this may create difficulties carrying out a thorough investigation of the matters disclosed, the Company encourages individuals to share their identity when making a disclosure, although they are not mandatorily required to do so.
- 6.6 The Company encourages Whistleblowers to use internal reporting lines to ensure timely investigation. However, individuals may,
- (i) report concerns to any relevant public authority authorized under the applicable laws; and/or
  - (ii) discuss their concerns with a legal practitioner for the purposes of obtaining legal advice or representation.

Such individuals will be covered by the protections outlined in this Policy if concerns are reported to a public authority and/or raised with a legal practitioner as aforesaid. The Company shall take all reasonable steps to protect the identity of Whistleblowers.

- 6.7 All information received from a Whistleblower will be treated confidentially. Any confidential information including the identity of the Whistleblower will only be disclosed in the following instances:
- (i) the Whistleblower has given his/her consent to share that information;

- (ii) the disclosure is necessary to prevent or lessen a threat to the Whistleblower's health, safety or welfare;
- (iii) the disclosure is allowed or mandated by law (for example where the concern is raised with a lawyer for the purposes of obtaining legal advice); or
- (iv) the concern is reported to a regulator.

6.8 If the identity of the Whistleblower has been disclosed in relation to a disclosure, and without his/her consent, such Whistleblower may notify a Whistleblower Protection Officer or eligible recipient immediately.

## **7. INVESTIGATION AND RECORDS**

- 7.1 Upon receipt of a complaint under this Policy, the Whistleblower Protection Officer shall assess the concern based on the information provided and commence an investigation into the matter if the reported concern warrants an investigation.
- 7.2 Any disclosure under this Policy will be handled and/or investigated by qualified personnel. Where necessary, an external investigator may be appointed to assist in conducting the investigation.
- 7.3 The Company will investigate the matter reported under this policy as soon as practicable, no later than one week, after the matter has been reported.
- 7.4 Employment-related complaints or grievances shall be referred to the Chief HR Officer and be addressed in accordance with their respective policies and procedures.
- 7.5 All investigations will be conducted in a fair, independent, and timely manner and reasonable efforts will be made to preserve confidentiality during the investigation.
- 7.6 If the report is not anonymous, the Whistleblower Protection Officer or external investigator will contact the Whistleblower, by his/her preferred method of communication to discuss the investigation process and any other matters that are relevant to the investigation.
- 7.7 The person against whom the complaint/s have been made will be informed of the concerns and will be provided with an opportunity to respond, unless there are any restrictions or other reasonable bases for not doing so.
- 7.8 Following an investigation, the Company will document the findings in a report and such report will remain the property of the Company and will only be shared with the Whistleblower or any person against whom the allegations have been made if the Company deems it appropriate.

- 7.9 Consequent management, including disciplinary action shall be carried out according to the applicable Company policy including the Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees and the Policy on Anti-Bribery and Corruption.
- 7.10 Where the findings of an investigation disclose a possible criminal offence, the matter shall be escalated to the Audit Committee and subsequently the Board for a final determination in respect of the same.
- 7.11 The Chief HR Officer shall be responsible for maintaining records of reports received and action taken. The General Manager (Finance) shall report the number, nature and status of complaints received to the Audit Committee, on a quarterly basis.
- 7.12 Any leakages or exposure of the investigation/findings will be treated as a misconduct and subject to disciplinary action in accordance with the Company policies and procedures.

## **8. PROTECTION OF WHISTLEBLOWERS**

- 8.1 Any person who makes a disclosure shall be treated fairly and will not suffer retaliation. Confidentiality shall be preserved in respect of all matters raised under this Policy.
- 8.2 Whistleblowers will not be subject to any civil, criminal, or administrative legal action (including disciplinary action) for making a disclosure under this Policy or participating in any investigation provided that such complaint was made on a reasonable belief/ suspicion in good faith and was not motivated by malicious intent nor for personal gain.
- 8.3 The Company (or any person engaged by the Company) will not engage in in any form of detrimental conduct and/or retaliation against an individual who has made a disclosure in accordance with this Policy.
- 8.4 The Company also strictly prohibits all forms of detrimental conduct and/or retaliation against any person who is involved in an investigation of a matter disclosed under this Policy in response to their involvement in that investigation.
- 8.5 Any individual who experiences any form of detrimental conduct and/or retaliation as a result of making a disclosure under this Policy or for participating in an investigation, may inform a Whistleblower Protection Officer or eligible recipient in accordance with the reporting guidelines outlined above.
- 8.6 Whistleblowers may also seek remedies including compensation, civil law remedies, or reinstatement if he/she suffers loss, damage, or injury because of a disclosure and the Company failed to take reasonable precautions and exercise due diligence to prevent any form of retaliation.
- 8.7 If, at any time, it is discovered that a Whistleblower knowingly raised a false accusation with malicious intent, such individual will lose the protection granted under this Policy and will be subject to disciplinary action in terms of the Company policy in respect of the same.

## **9. REVIEW AND MONITORING**

- 9.1 The Audit 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 as may be required to the Board for its review and final approval.
- 9.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.
- 9.3 Employees are encouraged to read this Policy in conjunction with other relevant Company policies, including:
- (i) Policy on Anti-bribery and Corruption;
  - (ii) Policy on Control and Management of Company Assets and Shareholder Investments;
  - (iii) Policy on Environmental, Social and Governance Sustainability; and
  - (iv) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees (including policies on trading in the Company's listed securities).

# **POLICY ON ANTI-BRIBERY AND CORRUPTION**

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Head of Human Resources.

## ***Document Control***

1.	Document Title	Policy on Anti-Bribery and Corruption
2.	Date of Release	[ 01 <sup>st</sup> October 2024 ]
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S. No.	Approver	Approved Date
1.	Board of Directors	[ 26 <sup>th</sup> September 2024 ]

## ***Document Change Approvals***

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

# POLICY ON ANTI-BRIBERY AND CORRUPTION

## 1. OVERVIEW

The Board of Directors of the Company has adopted this Policy on Anti-Bribery and Corruption in conformity with the Listing Rules to promote an ethical corporate culture that is accomplished by observing the highest standards of fair dealing, honesty, and integrity in the business activities of the Company.

In conducting its business, the Company shall abide by this Policy and comply with all applicable laws and regulations including the Anti-Corruption Act.

## 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:

“**Anti-Corruption Act**” shall mean the Anti-Corruption Act No. 09 of 2023 as amended from time to time;

“**Articles**” mean the articles of association of the Company;

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

“**bribery**” means the offer, solicitation or acceptance of any gratification in contravention of any provision of Part III of the Anti-Corruption Act;

“**Company**” means Lanka Tiles PLC;

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

“**Directors**” means the directors presently serving on the Board of the Company, and includes alternate directors appointed in accordance with the Articles.

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

“**facilitating payment**” shall mean any small or nominal payment made to a government official to speed up/secure the performance of a non-discretionary, routine governmental action;

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

**“MD”** means the Managing Director of the Company;

**“Policy”** means this policy on anti-bribery and corruption;

**“Relevant Persons”** means the persons to whom the Policy applies as identified in section 4 below;

**“Senior Management”** means the Managing Director, Director Group Marketing and General Manager (Finance)

**“Whistleblower Protection Officers”** means any officer designated to receive complaints/disclosures in accordance with the Policy on Whistleblowing;

### 3. PURPOSE

This Policy has been established to ensure that the Company conducts its business in a transparent, fair and ethical manner with zero-tolerance of any forms of bribery and corruption in any form whatsoever in its dealings with internal and external stakeholders.

The Company encourages the reporting of any instances of suspected bribery and/or corruption involving the Company’s business.

The Policy, as updated from time to time, will be provided to all employees and officers of the Company including any future employees and officers upon the commencement of their employment or engagement with the Company.

### 4. SCOPE

This Policy applies to the Company and any person who is, or has been, any of the following with respect to the Company (**“Relevant Person”**):

- Employee
- Director or any other officer
- Service providers (including employees of service providers)
- Suppliers (including employees of suppliers)
- Consultants
- Auditors

## **5. PERMISSIBLE AND RESTRICTED PAYMENTS**

- 5.1 Offering, promising and authorizing the grant or payment of money or any other form of gratification, to a government official, in order to secure an unfair advantage is strictly prohibited.
- 5.2 Directors and employees shall refrain from offering/receiving money or anything else of value either directly or through indirect means, to or from an individual or entity in the private sector in order to obtain an improper advantage.
- 5.3 Prohibited payments include cash payments, benefits and favours and in certain circumstances, otherwise legitimate business expenditures including gifts, entertainment, travel, donations, sponsorships or training.
- 5.4 Employees and officers of the Company may provide modest gifts to government officials/private individuals that are legally and directly related to the Company's business activities with the approval of the MD or the Board of Directors, depending on the circumstances, so long as such gifts will not result in a contravention of applicable laws including the Anti-Corruption Act. In granting such approval, the nature, timing and context of such gifting must be considered in order to assess whether such conduct could objectively be perceived as bribery.
- 5.5 The Company will take reasonable steps to verify that any donation/sponsorships made by the Company does not constitute an illegal payment to a government body/official, private entity or individual, in violation of this Policy.
- 5.6 The Company strictly prohibits the Relevant Persons from making facilitating payments on the Company's behalf, except under exceptional circumstances with the approval of the Managing Director. Whenever such payment is required to be made, all relevant information should be submitted to the Managing Director, when seeking approval of the Managing Director.
- 5.7 Directors and employees shall act in the best interests of the Company at all times. Using the Company's property, information or position, either directly or indirectly through a third-party intermediary, for personal gains is strictly prohibited.

## **6. BOOKS AND RECORDS**

- 6.1 The Company shall ensure that all applicable laws, applicable accounting standards and internal procedures are followed in recording, maintaining and reporting financial records.
- 6.2 In order to prevent the possibility of bribes being paid or accepted, the Company's financial records must fairly and accurately reflect each transaction involving the Company's business and/or the deployment of the Company's assets.

- 6.3 All expenses must be accurately accounted for, include adequate supporting documentation and be promptly entered into company records, before any reimbursements are made.

## **7. EXTERNAL STAKEHOLDERS**

- 7.1 The Company's external stakeholders including its service providers, suppliers, consultants, auditors and other third parties working with or on behalf of the Company are required to act with the highest level of business, professional and legal integrity and refrain from engaging in any form of bribery and/or corruption when dealing with or on behalf of the Company.
- 7.2 Prior to engaging in business with an external stakeholder, the Company shall carefully review and follow the due diligence process in accordance with its internal guidelines.

## **8. MAKING A DISCLOSURE**

- 8.1 The Company relies on its employees maintaining a culture of honest and ethical behavior. Accordingly, if you become aware of any instance of suspected bribery and/or corruption where a director, officer, employee, service provider, supplier or consultant of the Company or any other person who has business dealings with the Company has engaged, is involved in, the employee is expected to make a disclosure to the Whistleblower Protection Officer in accordance with procedure for reporting set out in the Company's Policy on Whistleblowing.
- 8.2 Any person who makes a disclosure will be offered protection as detailed in the Policy on Whistleblowing provided that provided that (i) such disclosure was made without malicious intent and (ii) you had, at the time of making the disclosure, reasonable grounds to believe that the information provided by you is true and warranted an investigation.
- 8.3 The Company will investigate all matters reported under this policy as soon as practicable, after the matter has been reported. For the avoidance of doubt, investigations into any complaint made under this Policy will be carried out in terms of the Company's Policy on Whistleblowing.

## **9. NON- COMPLIANCE WITH THIS POLICY**

- 9.1 Any breach of this Policy will be taken seriously and may result in disciplinary action, up to and including termination of employment of an employee, in accordance with the applicable laws and Company policies.

- 9.2 In the event, service providers, suppliers, consultants, auditors and other third parties working with or on behalf of the Company are found to be in violation of this Policy, the Company may terminate its business relationship with the Company and the ability of the Company to do so should be covered in the contractual arrangements with such parties. The Company may also seek other legal/remedial action available under the applicable laws.

## **10. MISCELLANEOUS**

- 10.1 In so far as this Policy imposes any obligations on the Company, those obligations are not contractual and do not result in or confer any contractual rights to any person whomsoever.
- 10.2 To the extent that this Policy describes benefits and entitlements for employees, they are discretionary in nature and are also not intended to be contractual. The terms and conditions of employment that are intended to be contractual are set out in an employee's written employment contract.

## **11. REVIEW AND MONITORING**

- 11.1 The Risk and Audit 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 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 Employees are encouraged to read this policy in conjunction with other relevant Company policies, including:
- (i) Code of Conduct;
  - (ii) Human Resources Policy;
  - (iii) Policy on Whistleblowing; and
  - (iv) Policy on Environmental, Social and Governance Sustainability.

# **POLICY ON BOARD COMMITTEES**

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Company Secretary.

***Document Control***

1.	Document Title	Policy on Board Committees
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***Document Change Approvals***

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

## 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 Lanka Tiles 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;

“**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, Director Group Marketing and General Manager (Finance)

**“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 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.

- 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 another candidate to fill the vacancy created.
- 5.4 The chairperson of each Board committee shall be an independent, Non-Executive Director appointed by the Board. Chairpersons of the Board's committees, or in his/her absence another member of the committee shall attend the 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.

## **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.
- 6.2 The scope and object of the Nominations and Governance Committee include:
  - (i) formulation of policies that provide the 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;
  - (iii) evaluating the fitness and propriety of persons for appointment, election and/or re-election as directors to the Board and making recommendations to Board; and
  - (iv) overseeing and evaluating the compliance by the Company with the governance framework.
- 6.3 Meetings shall be held at least once every calendar year or ad-hoc basis and as frequently as may be required. The Company Secretary will convene a meeting if at least two (2) members (one of whom is 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
- 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 recommendation to the Board with regard to the fixing of remuneration of the Executive Directors, Senior Management and other Employees of the Company;
  - (iii) reviewing the performance of, and recommend to the Board for approval the annual total remuneration packages which include salaries, performance rewards, profit share bonuses, incentives, other benefits in kind, compensation payments, including compensation for loss or termination of office or appointment of the Board, Executive Directors and Senior Management and other Employees;
  - (iv) reviewing and approving performance reward plans, evaluation modules and emoluments to Executive Directors, Senior Management and other Employees of the Company; and
  - (v) reviewing and recommending the remuneration of Executive and Non-Executive Directors to the Board.
- 7.3 Meetings shall be held at least once every calendar year or ad-hoc basis and as frequently as may be required. The Company Secretary will convene a meeting if at least two (2) members (one of whom is 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) members, consisting of Non-Executive Directors of whom two (2) or a majority of the members, whichever is higher, 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 and its amendments.
- (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;

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 at least two (2) members (one of whom is 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.

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, 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.

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 the 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.

# **POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS**

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Chief Financial Officer.

**Document Control**

1.	Document Title	Policy on control and management of Company assets and Shareholder investments
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S. No.	Approver	Approved Date
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**Document Change Approvals**

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

## POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS

### 1. OVERVIEW

The Board of Directors has adopted this Policy to provide for the use by the Company of its assets in its operations in an efficient manner to increase competitiveness of its business and protect investments made by Shareholders in the Company.

### 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**” 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 Lanka Tiles PLC and includes, when the context so requires, any subsidiary of Lanka Tiles PLC;

“**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;

“**IT**” shall mean information technology;

“**Policy**” means this policy on control and management of company assets and shareholder investments;

“**Senior Management**” means the Managing Director, Director Marketing, General Manager (Finance)

“**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 comprehensive guidelines and procedures aimed at safeguarding and protecting Company assets and Shareholder investments, ensuring responsible and ethical management practices for sustained corporate growth and stakeholder confidence.

This Policy sets out the standards and requirements of the Company in protecting Company assets and Shareholder investments.

### **4. SCOPE**

This Policy applies to the Company and covers all Directors, Senior management and other Employees of the Company involved in the decision-making process in relation to the Company's assets and Shareholder investments.

Additionally, this Policy covers physical, intellectual and financial assets including but not limited to real estate, movable assets, technology, proprietary and confidential information and monetary investments.

### **5. PROTECTION AND PROPER USE OF COMPANY ASSETS**

- 5.1 All Directors and Employees of the Company have an obligation to protect the assets of the Company and ensure their efficient use as wasteful or careless use of such assets is likely to result in improper depreciation or loss thereby having a direct impact on the Company's profitability.
- 5.2 All necessary steps shall be taken ensure physical security of assets of the Company, including, in the case of real estate, adequate perimeter fencing and other security measures to mitigate the risk of damage, destruction and encroachment.
- 5.3 The Company's assets shall not be used for activities that do not relate to the business and affairs of the Company. However, incidental personal use may be permitted with approval from the immediate supervisor of the Employee.
- 5.4 The Company's assets will be recorded in an assets register and security systems will be implemented to ensure adequate safeguards to prevent loss, damage or theft of property. Additionally, the assets of the Company may be insured, depending on the value and level of risk in relation to the identified asset.
- 5.5 The Company shall conduct a physical verification of its assets once every year or ad-hoc basis.

- 5.6 The obligation to protect the assets of the Company extends to its confidential and proprietary information, including the Company's intellectual property. The Company's intellectual property consists of inventions, designs, and work created by an Employee or contractor as part of his/her job. Such property, among other works created by or for the Company, belongs to the Company.
- 5.7 Unauthorized use, reproduction, alteration or distribution of the Company's confidential/proprietary information may result in disciplinary action including termination of employment, civil and/or criminal penalties. The obligation to preserve confidential/proprietary information continues even after employment ends or in the case of a Director, when he/she ceases to be a Director of the Company.
- 5.8 Any suspected incident of fraud or theft shall be reported to the immediate supervisor or to the senior management –immediately for investigation.
- 5.9 The Company will aim to promote a culture of awareness regarding the importance of the protection and proper use of its assets.
- 5.10 Any acquisition or disposal of assets shall be carried out with the requisite approval prescribed by the law or with such approval standards determined by the Board from time to time, delegating authority to officers of the Company to approve such acquisitions and disposals. Any transaction that does not fall within any delegated authority determined by the Board shall require the specific approval of the Board.
- 5.11 This Policy shall be supplemented by policies and guidelines issued by the Company from time to time with regard to the utilization and protection of each category of Company's assets in conformity with the broad framework set forth herein (also setting forth the relevant detailed procedures therefor) and all Directors, Senior Management and other employees of the Company shall adhere to and comply with such policies/guidelines. In the event of an inconsistency between this Policy and the aforementioned policies/guidelines issued by the Company, the said policies/guidelines issued by the Company shall prevail

## **6. IT EQUIPMENT AND INFORMATION SYSTEMS**

- 6.1 Employees shall not use IT equipment provided by the Company for their personal interest or benefit except with the approval of their immediate supervisor. All IT equipment, information and data in relation to the operation of such equipment are the property of the Company.

- 6.2 Employees are prohibited from disclosing their passwords or any information stored within the Company's information systems to any external party without obtaining the necessary approvals/authorization.
- 6.3 Use of illegal software on Company equipment for any purpose, is prohibited.
- 6.4 The Company does not support operating in violation of intellectual property rights/ copyright. This includes duplicating, modifying or disseminating creative works with copyrights to the public without obtaining the permission of the owner of such copyright.
- 6.5 Altering the IT equipment in any manner or installing any additional features to the standard equipment provided by the Company without obtaining the necessary approvals/ authorization, is prohibited.
- 6.6 Employees must abide by all security restrictions on the Company's technology systems and are prohibited from attempting to evade, disable or crack passwords or other security measures installed or otherwise attempt to improperly access such systems or resources.
- 6.7 Employees shall not use the Company's electronic mail system to transmit material in a manner that is in contravention of the prevailing laws and/or any guidelines issued by the Company from time to time. Additionally, the internet connectivity provided by Company, at the Company's premises and/or paid for by the Company, shall only be used for purposes relating to the business and affairs of the Company, in compliance with the applicable laws.
- 6.8 Requisite approvals/authorizations in relation to the use of IT equipment and information systems can be obtained by contacting the Company's Asst. General Manager – IT.

## **7. RESERVES AND INVESTMENTS**

- 7.1 The Company recognizes the need to safeguard Shareholder interest and optimize value for Shareholder investments The Company aims to distribute its profits among its Shareholders, subject to planned capital expenditure, growth opportunities and uncertain market prospects and subject to such restrictions as set forth in the Articles and applicable law.
- 7.2 Dividends will be paid as determined by the Board in accordance with section 56 of the Companies Act and the Articles.

- 7.3 The Company will formulate prudent investment strategies aligned with its financial goals and risk tolerance. A thorough due diligence will be conducted before making an investment to maximize Shareholder returns.
- 7.4 The Company aims to distribute its profits among its Shareholders, subject to planned capital expenditure, growth opportunities and uncertain market prospects.
- 7.5 Effective monitoring mechanisms will be implemented to track the performance of investments and the Board shall promptly address deviations from expected outcomes.

## **8. REVIEW AND MONITORING**

- 8.1 The Audit 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.
- 8.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.
- 8.3 This Policy is to be read in conjunction with the Articles and other relevant Company policies, including:
  - (i) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees (including policies on trading in the Company's listed securities);
  - (ii) Policy on Relations with Shareholders and Investors; and
  - (iii) Policy on Corporate Disclosures.

# **POLICY ON CORPORATE DISCLOSURES**

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Company Secretary.

**Document Control**

1.	Document Title	Policy on Corporate Disclosures
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3.	Document Superseded	None
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**Document Approvers**

S. No.	Approver	Approved Date
1.	Board of Directors	[ 26 <sup>th</sup> September 2024 ]

**Document Change Approvals**

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

## POLICY ON CORPORATE DISCLOSURES

### 1. OVERVIEW

The Board of Directors of the Company has adopted this Policy in conformity with the Listing Rules to set forth requirements that enable public shareholders and any other external stakeholders to be fully informed of all material information pertaining to the Company and have access to the latest information available to extent relevant, utilizing electronic communication where practicable, in a timely manner.

### 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 elected 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 Lanka Tiles 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 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;

“**MD**” means the Managing Director of the Company;

“**Policy**” means this policy on corporate disclosures;

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

**“Senior Management”** means the Managing Director, Director Group Marketing, General Manager (Finance).

### **3. PURPOSE**

The purpose of this Policy is to establish consistent disclosure practices aimed at ensuring informative and timely disclosure of the Company’s material information to public shareholders and any external stakeholders.

### **4. SCOPE**

This Policy applies to the Company and covers all Directors, Senior Management and other Employees to the extent applicable.

### **5. DISCLOSURE OF MATERIAL INFORMATION**

5.1 The Company shall ensure timely and accurate disclosure of material information in compliance with the applicable laws and regulations including the Companies Act and the Listing Rules.

5.2 In complying with section 5.1 above, the Company shall ensure that:

- (i) all disclosed information is factual, complete and not misleading;
- (ii) information is disclosed promptly to ensure timely dissemination; and
- (iii) disclosures are consistent with previous communication and other available information, to the extent applicable.

5.3 The Company Secretary will be responsible to ensure the timely disclosure of material information. All disclosures will be reviewed and approved by the Managing Director or any other member of the Senior Management authorised by the Managing Director to ensure accuracy, consistency and compliance.

5.4 All Directors and Employees are required to maintain confidentiality of material information until they are disclosed to the public in accordance with this Policy. There shall not be any selective disclosure of material price sensitive information to any person whomsoever, other than in the manner and to the extent permitted by the Listing Rules.

- 5.5 Shareholders and investors may at any time direct their general inquiries in relation to the Company and its activities in accordance with the Company's Policy on Relations with Shareholders and Investors.

## **6. CORPORATE COMMUNICATIONS**

- 6.1 Corporate disclosures/communications, including notices of general meetings and the Company's annual reports shall be sent to Shareholders by registered post, courier and/or electronic mail to the extent permitted in the Articles and as opted by the shareholder and will be shared on the Company's website.
- 6.2 The Company shall not comment on rumours or speculation. If required to do so due to a significant volatility in the price of the Company's shares, the Board shall consider the matter and make a recommendation to the management as to the nature and context of any response.
- 6.3 Unless authorized by the Board, only the Chairperson and any other Executive Directors are authorized to make public statements, initiate contact or respond to analysts or the media on behalf of the Company. Any other Director/Employee who are approached by analysts, media or any other member of the public, to comment on the business/affairs of the Company, must refer such inquiries to the Board and immediately notify the Board that the approach was made.

## **7. REVIEW AND MONITORING**

- 7.1 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.
- 7.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and shall form part of this Policy.
- 7.3 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 Control and Management of Company Assets and Shareholder Investments; and
- (iv) Policy on Relations with Shareholders and Investors.

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

This document is issued under the authority of the Board of Directors. Duplication and distribution of this document without an authorized release is strictly prohibited.

Every person in custody of this document has the responsibility for ensuring its confidentiality. The Document owner will also ensure that the document continually updates with amendments that may be issued from time to time. Any loss or mutilation of the document must be reported promptly to the Company Secretary.

**Document Control**

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**Document Approvers**

S. No.	Approver	Approved Date
1.	Board of Directors	[ 26 <sup>th</sup> September 2024 ]

**Document Change Approvals**

Section / Page No.	Description of Amendment	Reason for Amendment	New Version No. and Effective Date	Amendment done by	Approved by

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

### 1. OVERVIEW

This Policy on Corporate Governance, Nominations and Re-Election has been adopted by the Board of Directors in conformity with the Listing Rules to provide for the framework for meeting its duties and responsibilities in relation to the governance of the Company and the guidelines to be followed for the nomination and re-election of Directors 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;

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

“**Committee**” means the Nominations and Governance Committee of the Company;

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

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

**“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 Corporate Governance, Nominations and Re-election;

**“Senior Management”** means the Managing Director, Director Marketing, General Manager (Finance)

**“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 the relevant criteria and guidelines in respect of corporate governance, the nomination of new directors and the re-election of existing directors to the Board, to ensure accountability, transparency, fairness, and responsibility.

### **4. SCOPE**

This Policy applies to the Company, the Board, and the Board sub-committees.

### **5. COMPOSITION OF THE BOARD**

- 5.1 The Board shall comprise of a minimum of five (5) directors and a maximum of eleven (11) directors.
- 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 Board shall comprise of Directors representing different backgrounds in terms of skills, expertise, and experience to strengthen the governance function.
- 5.4 The Chairperson shall be appointed by the Board in the manner set out in the Articles and the Chairperson so appointed shall hold office as envisaged in the Articles. The Chairperson shall preside at all meetings of the Board and Shareholders.

## **6. GOVERNANCE REQUIREMENTS**

- 6.1 The business and affairs of the Company are managed by and under the direction and supervision of the Board. The Board also has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company.
- 6.2 The Board and each individual Director must at all times comply with and adhere to the laws that are applicable to the Company and its business and also ensure that the Company complies with and adheres to such laws. The laws applicable to the Company and the business of the Company and its subsidiaries include without limitation, the following:
- (i) the Companies Act;
  - (ii) the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 or any rules, regulations, determinations, or directions made thereunder including the Listing Rules;
  - (iii) the Factories Ordinance No. 45 of 1942;
  - (iv) the National Environmental Act No. 47 of 1980 and any amendments thereto;
  - (v) the Inland Revenue Act No. 24 of 2017 and amendments thereto;
  - (vi) the Employees Provident Fund Act No. 15 of 1958;
  - (vii) the Employees Trust Fund Act No. 46 of 1996;
  - (viii) the Payment of Gratuity Act No. 12 of 1983; and
  - (ix) the Shop and Office (Regulation of Employment and Remuneration) Act No. 19 of 1954.

The Board shall implement the necessary internal processes within the Company to ensure compliance with the applicable legal framework.

- 6.3 The Board shall ensure that the Company follows recommendations in the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, to the extent relevant to the business and governance structures of the Company.
- 6.4 The Board shall have complete access to the management, books, and records of the Company. Further, the Board may invite the relevant management personnel to the meetings of the Board in order to provide additional insight into matters discussed.
- 6.5 Whenever the Board deems it appropriate or helpful in discharging its responsibilities, it shall engage the services of external advisors and consultants.

- 6.6 In the interests of greater effectiveness in the exercise of its functions, the Board shall delegate its powers and establish committees. Delegating authority to committees will not, in any way, absolve the Board from discharging its duties and responsibilities.
- 6.7 In accordance with the requirements set out in the Listing Rules, the following Board committees have been constituted at present:
- (i) Nominations and Governance Committee;
  - (ii) Audit Committee;
  - (iii) Remuneration Committee; and
  - (iv) Related Party Transactions Committee.
- 6.8 The Board shall appoint Directors to each committee in accordance with the requirements of the Listing Rules while ensuring that such Directors shall be appropriate and suitably qualified to carry out the duties of the relevant committee.
- 6.9 Each committee shall have terms of reference outlining its membership requirements, quorum, its procedures, duties, and responsibilities. The Directors who are members of the committees shall adhere to the Policy on Board Committees.
- 6.10 The other Senior Management, including heads of various departments shall report to the Board.

## **7. NOMINATION OF DIRECTORS**

- 7.1 The Committee shall identify, assess, select, and nominate suitable candidates to be appointed as Director to fill any vacancy on the Board, howsoever created. A candidate could be a person identified by the Board or a person nominated by any shareholder of the Company holding, either individually or with persons acting in concert, more than [ ten percent (10 %)] of the shares of the Company.
- 7.2 The Committee shall use the following procedure when reviewing potential candidates for appointment as directors:
- (i) review the skills and competency of the existing Board;
  - (ii) assess the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
  - (iii) where appropriate, utilise the services of Senior Management and external advisors to seek out appropriate candidates that meet the selection criteria;
  - (iv) identify any potential conflicts of interest and assess the independence of the candidate;
  - (v) identify whether the candidate is subject to any disqualification under the laws applicable to the Company and/or the Articles;

- (vi) assess detailed background information in relation to each potential candidate and carry out any appropriate checks and verifications;
  - (vii) ensure that the candidate accords with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtain a declaration to that effect from the candidate;
  - (viii) prepare a final list of shortlisted candidates for the Board's review.
- 7.3 Once a list of potential candidates has been presented for the Board's consideration, after final deliberation, the Board shall appoint the most suitable candidate to fill the vacancy for a Director, after consulting and obtaining the consent of such candidate.
- 7.4 The Board shall ensure that the process of appointment of a Director shall comply with the rules and procedures as specified in the Articles and relevant laws.
- 7.5 In the event any shareholders wish to appoint a new Director to fill a vacancy on the Board at an annual general meeting and make a requisition to the Company in accordance with section 142 of the Companies Act for a resolution to appoint such Director to be included in the notice of meeting, the Board shall include such resolution in the notice of meeting only after the Committee confirms to the Board that the candidate meets the fit and proper criteria under Rule 9.7.3 of the Listing Rules. If the Committee is of the view that the candidate does not meet the fit and proper criteria, then the Board shall not include such resolution in the agenda of the annual general meeting for the reason that the appointment of a person who does not meet the fit and proper criteria as a Director of a listed company is not a resolution that may be properly moved at such meeting.

## **8. TERM OF DIRECTORS**

- 8.1 The Directors have no fixed term of appointment and shall continue to hold office until such Director resigns, dies, retires, or is removed in accordance with the terms of the Articles or the relevant provisions of the Companies Act.
- 8.2 The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

## **9. BOARD'S RELATIONSHIP WITH SHAREHOLDERS**

- 9.1 The Board shall endeavor to establish a consistent channel of communication with the Shareholders of the Company and ensure good Shareholder relations.

- 9.2 Directors shall attend annual general meetings and extraordinary general meetings which provides an opportunity for constructive dialogue with Shareholders and provide adequate explanation and answer questions from Shareholders relating to and arising from the business transacted at the annual general meeting in order to create an environment where Shareholders can appropriately exercise their rights.

## **10. ETHICS AND CONFLICTS OF INTERESTS**

- 10.1 The Board shall function with the highest standards of responsibility, ethics, and integrity.
- 10.2 Directors shall adhere to the Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees (which includes policies on trading in the shares of the Company) and Policy on Matters Relating to the Board of Directors in respect of matters regarding director conflict of interest and general conduct. The Directors shall also comply with and adhere to the duties imposed on them by the Companies Act including the duty to act in good faith and in the best interest of the Company, the duty to not act in a manner which is reckless or grossly negligent and the duty to exercise the degree of skill and care that may reasonably be expected of a person of his/her knowledge and experience.

## **11. EVALUTATION OF THE BOARD**

- 11.1 The Board assess and evaluate themselves both individually and as a whole. The evaluation will include a review of the individual performance and qualifications of each Director, and an assessment of the contributions of the Board and its committees.
- 11.2 The Committee shall be responsible for such assessment and will prepare a report of the same, for the consideration of the Board.

## **12. REVIEW AND MONITORING**

- 12.1 The Committee shall 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 other relevant Company policies, including:

- (i) Policy on the matters relating to the Board of Directors;
- (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.