



## **CHEMANEX PLC**

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

#### **Policy Statement**

The policy on matters relating to the Board of Directors establishes clear guidelines and principles for the operation and governance of the Board of Directors of Chemanex PLC. It aims to ensure effective oversight, ethical conduct, and alignment with the organization's mission and strategic goals in meeting the expectations of its stakeholders.

#### **Composition of the Board**

The Board shall comprise of not less than two (02) directors and not more than eight (08) directors. It shall reflect a balance between executive and non-executive directors in accordance with the Rules of the Colombo Stock Exchange and a diverse composition of experience, skills, competencies, age and gender in accordance with corporate governance best practices and industry requirements.

#### **Tenure of Directors**

Term of the Directors shall be governed by the Articles of Association of the Company. Directors are eligible for re-election subject to the following conditions:

- Non-executive directors shall be appointed for a maximum period of nine (09) years, unless extended by the Board under special circumstances.
- Any non-executive director who is over seventy (70) years of age will also require shareholder approval.
- Executive directors including the CEO will be governed by the retirement rules of the Company.

#### **Chairperson / CEO**

The Board shall decide whether to combine the role of Chairperson and CEO and comply with the applicable Rules of the Colombo Stock Exchange when doing so.

#### **Board Responsibilities**

The Board shall perform the functions and duties imposed on them under applicable laws, regulations, Rules of the Colombo Stock Exchange, Articles of Association and internal policies, guidelines and procedures adopted by the Company from time to time.

Without limiting the generality of the foregoing, the Board shall be responsible for:

- Providing direction and guidance in the formulation of its strategies, with an emphasis on the medium and long-term growth of the Company in pursuance of its operational and financial goals.
- Reviewing and approving annual plans and other business plans.
- Tracking actual progress against plans.
- Reviewing human resource processes and management development plans to enable succession for key positions.
- Appointing and reviewing the performance of the CEO/COO.
- Monitoring systems of governance and compliance.
- Overseeing systems of internal control and risk management.
- Determining the powers delegated by the Board to the management.
- Reviewing and approving acquisitions and disposals of property and high value plant; capital expenditures; amendments to statutory documents; issues of equity and debt securities; the group business & management structure; business development; decision rights of the Board; financial statements; sub-committee recommendations with or without amendment; appointments to boards of subsidiaries and associates; dates and venues for shareholder meetings; bank and other financial transactions unless delegated to the management; and CSR and other promotional activities.

### **Responsibilities of the Chairperson**

The Chairperson shall additionally perform the functions and duties imposed on him or her under applicable laws, regulations, Rules of the Colombo Stock Exchange, Articles of Association and internal policies, guidelines and procedures adopted by the Company from time to time.

Without limiting the generality of the foregoing, the Chairperson shall be responsible for:

- Interacting with the CEO/COO to ensure performance aligns with board decisions and policies.
- Evaluate the CEO/COO's performance.
- Approve payments to the CEO/COO in accordance with board policies.
- Ensure that non-executive directors are adequately briefed about management issues and that Board views are communicated to the management through the CEO/COO.
- Enable and facilitate meetings exclusively with non-executive directors at least once a year and whenever the need may arise.
- Decide on meeting agendas together with the CEO/COO.

### **Responsibilities of the CEO/COO**

The CEO/COO shall perform the functions and duties imposed on him or her under applicable laws, regulations, Rules of the Colombo Stock Exchange, Articles of Association and internal policies, guidelines and procedures adopted by the Company from time to time.

Without limiting the generality of the foregoing, the CEO/COO shall be responsible for:

- Ensuring performance of the executive team and ensuring that Board decisions are implemented.
- Head the employment structure.
- Enable the Board to fulfill its responsibilities by preparing and disseminating information to the Board in a timely and appropriate manner.
- Organizing Board activities and meetings.
- Ensure that Board sub-committees perform the duties required of them.
- Recommend compensation payments for staff and fees for the Board.
- Handle public relations and consultations with stakeholders.

## Board Obligations

1. **Commitment of time.** Directors shall be required to commit a reasonable amount of their time to discharge their responsibilities.
2. **Conflicts of interest.** Directors shall declare that they have no conflicts of interest with the Company and its businesses at the time of their appointment. If at any time a conflict of interest arises after appointment, they must disclose the same to the Board and forthwith resign from their positions if the Board considers it necessary.
3. **Confidentiality.** Directors shall strictly refrain from making any public pronouncement which would reveal sensitive information about the Company or Group and /or subject the Company or Group to any claim against it except with the due authorization of the Board. They shall also treat discussions within the Board as privileged and not divulge any facts concerning discussions or material provided by the Company, unless authorized to do so by virtue of his or her office or otherwise authorized by the Board.
4. **Duty of integrity.** Directors shall be required to uphold the integrity of the Company and contribute to the maintenance of the corporate image.
5. **Insider trading.** Directors are prohibited from trading or procuring third parties to trade in the securities of the Company or Group whilst being privy to inside information as prescribed in the insider dealing provisions under the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021.
6. **Maximum number of directorships.** Directors are not permitted to accept any other board position without the prior approval of the Chairperson which shall not be withheld unreasonably unless there is a conflict of interest. Such matters shall be referred to the Board for confirmation. Provided however that a director shall not under any circumstance be permitted to hold more than seven (07) directorships in Listed Entities.

## **Board Meetings**

Board Meetings shall be conducted in accordance with applicable laws and the Articles of Association of the Company. Provision has been made for directors to participate at board meetings via audio or audio/visual means if they cannot be physically present.

Directors are therefore required to attend at least seventy five percent (75%) of the meetings held in each year.

## **Appraisal of Board / CEO /COO**

The Board shall evaluate itself annually in order to improve the performance of the Board as a whole as well as each member of the Board. In doing so, each member of the Board has a right to express any concern he or she has in relation to the Board and its members.

The Board shall also conduct regular appraisals of the CEO/COO from time to time.

## **Training**

The policy will be supported by training programs, workshops and awareness building for directors to enable them to fulfil their duties and responsibilities under this policy.

## **Amendments**

The policy shall be reviewed by the Board of Directors periodically and updated as necessary to reflect changes in the business environment or regulatory requirements.

## **Point of contact**

For clarifications or further information regarding this policy, please contact the Compliance Officer of the Company.