



MAHAWELI COCONUT PLANTATIONS PLC

CORPORATE GOVERNANCE POLICIES

Policy on Board Committees

Whilst retaining final decision rights, the Board has delegated certain functions to Board Sub-Committees. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The four Board Sub-Committees are as follows:

- i. Audit Committee
- ii. Related Party Transactions Review Committee
- iii. Remuneration Committee
- iv. Nomination and Governance Committee

Important matters arising from the Board Sub-Committee meetings are deliberated at the Board meetings, and any concerns identified are referred to the Board for oversight. The Board Sub-Committees comprise predominantly of Independent Non-Executive Directors.

I. Audit Committee

Composition

- The Audit Committee consists of three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors, with at least one member having significant, recent, and relevant financial management and accounting experience, and membership in a recognized professional accounting body. The Chairperson of the committee is Mr. N.A. Lalith Cooray (Independent Non-Executive Director).

Scope

- Overseeing the preparation, presentation and review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors.
- Obtain and review assurance received from the CEO, Company Finance Director and other Key Management Personnel, as relevant that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's and Company's operations and finances.
- Evaluate the competence and effectiveness of the risk management systems and internal controls of the Company and ensure robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors.
- Review the adequacy and effectiveness of internal and external audit arrangements. Review the risk policies adopted by the Company on an annual basis. Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources, and independence.

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company and the Company, the internal control and risk management framework and systems of the Company, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and, the adequacy and performance of the Internal Audit function undertaken by the Company. The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually.

The effectiveness of the Committee should be evaluated annually by each member of the Committee and the results are communicated to the Board.

II. Related Party Transactions Review Committee

Composition

- The committee consists of three Independent Non-Executive Directors.

Scope

- All proposed Related Party Transactions shall be reviewed in advance and in the event of any material changes, such changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.
- Develop and recommend for adoption by the Board of Directors of a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the Company.
- Update the Board on Related Party Transactions and formally request the Board to approve the related party transactions following the determination of whether such approval is needed.
- Define and establish the threshold values for Related Party Transactions, that have to be pre-approved by the Board, and require to be reviewed annually, such as recurrent Related Party Transactions.
- Ensure that they have or have access to expertise to assess all aspects of proposed Related Party Transactions, and where necessary, obtain expert advice from an appropriately qualified person.
- Where a Director has a personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the meeting and shall not vote in the matter, except at the request of the Committee.

III. Remuneration Committee

Composition

- The Remuneration Committee comprises three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The Chairperson of the committee is Mr. M.A.C.H Munaweera (Independent Non-Executive Director).

Scope

- Review and recommend overall remuneration strategy, policies and practice and performance-based pay plans for the Company.
- Determine and agree with the Board on a framework for the remuneration of the Directors based on performance targets, benchmark principles, performance-related pay schemes, industry trends, and past remuneration.
- Succession planning and talent management of Key Management Personnel. Ensure the integrity of the Company's compensation and benefits program is maintained.
- In performing these functions, to ensure that stakeholder interest are aligned and that the Company is able to attract, motivate and retain talent.
- At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource development practices.

IV. Nomination and Governance Committee

Purpose

The Nomination and Governance Committee is responsible for ensuring effective board composition, overseeing the nomination process for new directors, and ensuring the company adheres to sound corporate governance practices.

Composition

- **Membership:** The committee comprises independent non-executive directors to ensure objectivity.
- **Chairperson:** An independent director, appointed by the board.

Responsibilities

A. Board Composition:

- **Assessing Needs:** Regularly assessing the skills, experience, and diversity required on the board.
- **Succession Planning:** Developing and overseeing succession plans for directors and senior management.

B. Nomination Process:

- **Identifying Candidates:** Identifying and evaluating candidates for board positions based on defined criteria.
- **Recommendations:** Making recommendations to the board on appointments and reappointments of directors.

C. Director Evaluation:

- **Performance Reviews:** Conducting annual performance evaluations of the board, its committees, and individual directors.
- **Feedback:** Providing feedback and development recommendations based on evaluations.

D. Corporate Governance:

- **Policies and Practices:** Reviewing and recommending corporate governance policies and practices to the board.
- **Compliance:** Ensuring the company complies with relevant governance regulations and best practices.

E. Board Induction and Training:

- **Orientation Programs:** Developing and overseeing orientation programs for new directors.
- **Ongoing Education:** Ensuring directors receive ongoing training and education to effectively fulfill their roles.

F. Ethical Standards:

- **Code of Conduct:** Overseeing the implementation and adherence to the company's code of conduct and ethics for directors and employees.
- **Conflict of Interest:** Monitoring and managing conflicts of interest within the board and senior management.

Meetings

- **Frequency:** The committee meets regularly, often quarterly, and additionally as needed.
- **Reporting:** Reports its activities and findings to the board after each meeting.

Review and Evaluation

- **Annual Review:** Conducting an annual review of the committee's performance and terms of reference.
- **Updates:** Recommending any necessary updates to the policy or committee structure to the board.