



MAHAWELI COCONUT PLANTATIONS PLC

CORPORATE GOVERNANCE POLICIES

Policy on the matters relating to the Board of Directors

I. Introduction

This policy outlines the governance framework for the Board of Directors of Mahaweli Coconut Plantations PLC including roles, responsibilities, selection procedures, meeting protocols, and performance evaluations.

While the Board is accountable and responsible for the strategic direction and management of the Company, it typically delegates the authority to the CEO, and senior management to carry out the day-to-day operations of the businesses.

Once the Board has delegated broad authority, its primary responsibility is to oversee management's performance and ensure compliance with the broad policies and established governance principles. Board oversight involves the continual inquiry by Directors into whether the Board's delegation of authority to management is reasonable, and whether the Board has received sufficient and accurate information from management to make that determination.

Typical areas of oversight include strategic initiatives, financial performance, the integrity of financial statements, accounting and financial reporting processes, risk management, governance and compliance, and environmental, social, and governance (ESG) matters. The Company's governance framework ensures that Directors are well-positioned to satisfy their oversight responsibility through periodic assessment of Board agenda priorities and the related structures, processes, and controls that are in place to ensure that the Board is well-informed on a timely basis of matters requiring attention.

II. Roles and Responsibilities

- Chairperson: Leads the board, sets meeting agendas, and ensures effective governance.
- Board Members: Engage in strategic planning, oversight, and ensure compliance with legal standards.

The Board's key responsibilities include:

- Providing direction and guidance to the Company in the formulation of sustainable, high-level, medium, and long-term strategies that are aimed at promoting the long-term success of the Company.
- Reviewing and approving annual plans and long-term business plans.
- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration of Environmental, Social & Governance (ESG) factors.
- Reviewing HR processes emphasizing top management succession planning, including the diversity, equity, and inclusion (DE&I) strategy.
- Ensuring operations are carried out within the scope of the Enterprise Risk Management framework.
- Appointing and reviewing the performance of the Chairperson & CEO.

- Ensuring compliance with laws, regulations, and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery, and corruption.
- Overseeing systems of internal control, risk management, and establishing whistle-blowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Approving any amendments to constitutional documents.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

III. Roles of Chairman and Managing Director

The role of the Chairman is separate from that of the Managing Director ensuring no one Director has unfettered power and authority. The Chairman leads the Board, preserving good corporate governance and setting the ethical tone for the Board and Company. The Managing Director leads the executive management and is accountable to the Board for the performance of the Company.

A. Chairman

The Chairperson is responsible for leading the Board of Directors and ensuring its effectiveness in all aspects of its role. The key responsibilities include:

- **Leadership:** Provide leadership to the Board, ensuring that Directors have the necessary information for effective decision-making.
- **Governance:** Ensure the Board operates effectively and adheres to good corporate governance practices.
- **Meetings:** Chair Board meetings, set agendas in collaboration with the CEO and ensure minutes are recorded.
- **Board Development:** Facilitate the effective contribution of all Directors, encourage open communication, and oversee the Board's evaluation process.
- **Strategy:** Guide the development of the organization's strategy and ensure that the Board sets the overall strategic direction.
- **Liaison:** Act as a liaison between the Board and the CEO, ensuring that there is a productive relationship.

B. Chief Executive Officer (CEO)

The CEO is responsible for the overall management of the organization and the implementation of the Board's strategies and policies. The key responsibilities include:

- **Operational Management:** Oversee the day-to-day operations of the organization and ensure its smooth functioning.
- **Strategy Implementation:** Execute the strategic plan as approved by the Board, and provide regular updates on progress.
- **Leadership:** Provide leadership to the organization's management team and employees, fostering a positive and productive work environment.
- **Financial Management:** Ensure the financial stability of the organization by overseeing budgeting, financial planning, and financial reporting.
- **Compliance:** Ensure that the organization complies with all legal and regulatory requirements.
- **Reporting:** Report to the Board on the organization's performance, major issues, and significant developments.
- **Stakeholder Engagement:** Build and maintain relationships with key stakeholders, including customers, partners, and regulators.

IV. Board Composition

MCPPLC Board is comprised of Ten Directors, with Three of them being Independent Non-Executive Directors, ensuring a strong element of independence on the Board. Independent Non-Executive Directors add value to strategic discussions and decision-making, whilst enhancing fair-mindedness. The Company policy is to maintain a healthy balance between Executive, Non-Executive, and Independent Directors, in keeping with the applicable rules and codes, with the Executive Directors bringing in deep knowledge of the businesses and the Non-Executive Independent Directors bringing in experience, objectivity, and independent oversight.

V. Board Skills

The Board is diverse in its experience, age, and expertise contributing varied perspectives to boardroom deliberations and exercising independent judgment to bear on matters set before them. The Board brings in a wealth of diverse exposure in the fields of management, business administration, finance, economics, and human resources. All Directors possess the skills, expertise, and knowledge needed, to complement a high sense of integrity and independent judgment.

VI. Board Access to Independent Professional Advice

To preserve the independence of the Board and to strengthen decision-making, the Board is encouraged, where applicable and relevant, to seek independent professional advice, in furtherance of their duties, at the Company's expense. This is coordinated through the Board Secretary, as and when requested.

VII. Board's Access to Information and Resources

Directors have unrestricted access to management and organization information, as well as to resources required to carry out their duties and responsibilities, independently and effectively. (Executive Management makes regular presentations with regard to the business environment and in relation to the Company's operations.

VIII. Board Appointment

Board appointments follow a structured and formal process within the purview of the Nominations Committee. The Committee has overall responsibility for making recommendations to the Board on all new appointments and for ensuring that the Board and its Committees have the appropriate balance of skills, knowledge, experience, and diversity of the Board. The Board considers the recommendations of the Nominations Committee for appointment or re-election by the Board and subsequently, the new directors are appointed by the shareholders at the Annual General Meeting.

Details of new Director appointments should be disclosed to the Colombo Stock Exchange and media at the time of their appointment through a public announcement, covering the following:

- A brief resume of the Director.
- The nature of their expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in board committees.
- Whether such Director can be considered 'Independent'.

Details of such appointments are also carried in the relevant Interim Releases, Annual Reports and Investor Relations publications. The appointment of all Directors complies with applicable laws and rules, including the qualifying and fit-and-proper criteria stipulated by the Listing Rules and Companies Act. Further, each Director annually signs a declaration which determines their independence based on such declaration and other information available to the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Nominations Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

At each AGM, one-third of the Directors due for retirement, or the number nearest, retire from office. Directors who have been the longest in office since their last election are those who retire and are eligible for re-election. The Nomination and Governance Committee shall evaluate such reappointments and recommend to the board

IX. Board Induction and Training

When Directors are newly appointed to the Board, they undergo a comprehensive induction where they are apprised, inter-alia, of the Company values and culture, its operating model, policies, governance framework and processes, the Code of Conduct (which includes anti-corruption and anti-bribery) and the operational, environmental and social strategies of the Company. The induction process helps new directors understand their roles and responsibilities and the company's strategic direction

Additionally, the newly appointed Directors are granted access to relevant segments of the business and are given the opportunity to meet with Key Management Personnel and other key third-party service providers such as, External Auditors and Risk Consultants.

The company ensures that directors are continuously informed about new laws, regulations, and standards relevant to the company's operations. Directors are encouraged to participate in continuous professional development programs to enhance their skills and knowledge. Ongoing training includes attending seminars, workshops, and conferences relevant to the company's business and governance.

These policies ensure that directors are well-equipped to fulfill their roles effectively, stay updated with relevant developments, and contribute positively to the company's governance.

X. Evaluation and Review

The board members appraise the performance of the Chairperson & CEO periodically based on pre-agreed goals for the Group. These goals cover the ensuing broad aspects and are also based on the Group's performance assessed against the goal and peers which involve other listed companies on the CSE:

- Creating and adding shareholder value
- Success in identifying and implementing projects
- Sustaining a first-class image
- Developing human capital
- Promoting collaboration and team spirit
- Building sustainable external relations
- Leveraging Board members and other stakeholders
- Ensuring good governance and integrity in the Company

XI. Board Appraisal Process

A. Frequency

Board appraisals will be conducted annually. Additional appraisals may be carried out if deemed necessary by the Chairperson or the Board.

B. Methodology

The Board appraisal process will include the following steps:

1. **Self-Assessment:** Each Board member will complete a self-assessment questionnaire evaluating their and the Board's collective performance.
2. **Peer Assessment:** Board members will assess their peers to provide a comprehensive view of individual contributions and dynamics within the Board.
3. **Feedback Collection:** Collect feedback from key stakeholders, including senior management and external partners, to gain insights into the Board's effectiveness.
4. **Consolidation of Results:** The results of the self-assessment, peer assessment, and feedback collection will be consolidated and analyzed.
5. **Discussion and Action Planning:** The consolidated results will be discussed in a Board meeting, and an action plan will be developed to address identified areas for improvement.

C. Key Evaluation Criteria

The appraisal will focus on the following key areas:

- **Strategic Oversight:** Effectiveness in providing strategic direction and oversight.
- **Governance Practices:** Adherence to governance best practices and regulatory compliance.
- **Board Dynamics:** Quality of interactions, communication, and decision-making processes.
- **Individual Contributions:** Assessment of each Director's participation, commitment, and value addition.
- **Committees' Performance:** Effectiveness of Board committees in fulfilling their responsibilities.

XII. Policy for CEO Appraisal

A. Frequency

The CEO's performance appraisal will be conducted annually. Additional assessments may be carried out if deemed necessary by the Board of Directors.

B. Methodology

The CEO appraisal process will include the following steps:

1. **Self-Assessment:** The CEO will complete a self-assessment questionnaire evaluating their performance against predefined criteria and objectives.
2. **Board Assessment:** Each Board member will assess the CEO's performance, focusing on key areas such as leadership, strategy implementation, financial management, and stakeholder engagement.
3. **360-Degree Feedback:** Collect feedback from key stakeholders, including senior management, employees, and external partners, to gain a comprehensive view of the CEO's effectiveness.
4. **Performance Metrics:** Review the CEO's performance against specific quantitative and qualitative metrics established at the beginning of the appraisal period.
5. **Consolidation of Results:** The results of the self-assessment, Board assessment, and 360-degree feedback will be consolidated and analyzed.
6. **Discussion and Action Planning:** The consolidated results will be discussed in a Board meeting, and an action plan will be developed to address identified areas for improvement and to support the CEO's professional growth.

C. Key Evaluation Criteria

The appraisal will focus on the following key areas:

- **Leadership:** Effectiveness in leading the organization and inspiring employees.
- **Strategic Planning and Implementation:** Success in developing and executing the organization's strategic plan.
- **Financial Performance:** Ability to manage the organization's finances and achieve financial targets.

- **Operational Management:** Efficiency in overseeing day-to-day operations and ensuring organizational effectiveness.
- **Stakeholder Engagement:** Effectiveness in building and maintaining relationships with key stakeholders, including customers, partners, and regulators.
- **Innovation and Growth:** Ability to drive innovation and lead the organization towards sustainable growth.
- **Compliance and Governance:** Adherence to legal, regulatory, and governance standards.

D. Roles and Responsibilities

Board Members

- Participate actively and honestly in the self-assessment and peer assessment processes.
- Engage in discussions on the appraisal results and contribute to action planning.

Company Secretary

- Coordinate the administration of the appraisal process.
- Ensure confidentiality and integrity of the appraisal data.
- Assist in consolidating results and preparing reports.

E. Confidentiality

All appraisal responses and discussions will be treated with strict confidentiality. The results will be shared only with relevant stakeholders as necessary.

F. Follow-Up and Review

The action plan developed from the appraisal results will be monitored regularly. Progress on the action items will be reviewed in subsequent Board meetings to ensure continuous improvement.

G. Policy Review

This policy will be reviewed annually or as needed to ensure its effectiveness and relevance. Any changes to the policy must be approved by the Board of Directors.

XIII. Policy on the maximum number of directorships the Board members shall be permitted to hold

A. Purpose

This policy aims to ensure that board members of the company can devote sufficient time and attention to their duties, maintaining effective oversight and governance of the company.

B. Maximum Number of Directorships

- Executive Directors: May hold a maximum of five directorships in the Listed Entities, including their role in the company.
- Non-Executive Directors: May hold a maximum of Seven directorships in the Listed Entities, including their role in the company.

C. Consideration of Time Commitments

Directors must ensure that their ability to discharge their responsibilities effectively at the company is not compromised by their other commitments.

D. Disclosure Requirements

Directors must disclose their other directorships upon appointment and promptly inform the board of any changes.

E. Review and Exceptions

The board will review directorship limits periodically. Exceptions to this policy may be granted by the board under exceptional circumstances.

F. Regulatory Compliance

This policy complies with applicable laws and regulations, as well as best practices in corporate governance.