

Policy on Board Committees

Revision history			
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1. Definitions and Abbreviations

Unless otherwise defined or the context otherwise requires, all capitalized terms used in this Policy shall have the following meanings.

Applicable Laws	means all applicable statutes, laws, ordinances, rules and regulations, including but not limited to the Listing Rules, SEC Act and the Companies Act, in each case as in effect from time to time;
Board	means the Board of Directors of the Company;
Companies Act	means the Companies Act No. 7 of 2007;
Company	means Laugfs Gas PLC and Laugfs Power PLC
CSE	means the Colombo Stock Exchange;
Listing Rules	means the Listing Rules of the Colombo Stock Exchange;
Policy	means this Policy on Board Committees;

2. Introduction

The purpose of this Policy is to establish a framework for the effective functioning of committees established by the Board and ensuring compliance with Applicable Laws. Committees play a crucial role in assisting the Board in fulfilling its governance responsibilities, enhancing decision-making processes, and ensuring diligent oversight of key areas pertinent to the organization's mission and objectives.

3. Scope

This Policy governs the establishment, composition, roles, responsibilities, and operations of committees formed by the Board in accordance with Applicable Laws.

4. Related Policies

This Policy should be read in conjunction with the other policies, key documents, and guidelines of the Company, including the following:

- Policy on matters relating to the Board;
- Policy on Corporate Governance, Nominations and Re-election;
- Policy on Remuneration;
- Policy on Internal Code of Business Conduct and Ethics;

5. Types of Committees

The Company shall establish the following committees of Directors as mandated under the Listing Rules.

(a) Remuneration Committee

- (i) **Overview:** The Remuneration Committee must make recommendations to the Board on remunerating executive directors and the Chief Executive Officer (and/or equivalent position thereof) (including all cash and non-cash benefits whatsoever) in accordance with the Listing Rules and its Terms of Reference.

The Remuneration Committee must consult the Chairman and CEO on remuneration of other executive directors and have access to professional advice from within and outside the Company to discharge its responsibilities.

- (ii) **Composition:** The Remuneration Committee must consist exclusively of Non-Executive Directors, with a minimum of 3 Non-Executive Directors, majority of whom must be independent. The Chairman must be an Independent Non-Executive Director appointed by the Board, and shall not be the Chairman of the Board. The quorum will be at least 2 members.
- (iii) **Terms of Reference:** The Terms of Reference of the Remuneration Committee setting out the scope, authority, duties and matters relating to quorum shall be approved by the Board from time to time.
- (iv) **Frequency of Meetings:** Meetings must be held not less than [twice a year] and shall be specified in the Terms of Reference.
- (v) **Disclosure on Remuneration:** The Annual Report of the Company must contain a section identifying members of the Remuneration Committee and the nature of directorships held by such members, a Statement of Remuneration Policy and aggregate remuneration of the Board.

(b) Audit Committee

- (i) **Overview:** The Audit Committee must assist Board oversight of the financial statements of the Company, compliance with financial reporting requirements, compliance under the Companies Act, ensure implementation of adequate internal controls and risk management procedures and assess the Company's ability to continue as a going concern in the foreseeable future in accordance with the Listing Rules and its Terms of Reference.
- (ii) **Composition:** The Audit Committee must consist exclusively of Non-Executive Directors, with a minimum of 3 non-executive directors, majority of whom must be independent. The Chairman must be an Independent Non-Executive Director appointed by the Board and a member of a recognized professional accounting

body, and shall not be the Chairman of the Board. The quorum will be a majority of members.

Unless otherwise determined by the Audit Committee, the Chief Executive Officer and Chief Financial Officer must attend Audit Committee meetings by invitation.

- (iii) **Terms of Reference:** The Terms of Reference of the Audit Committee setting out the scope, authority and duties shall be approved by the Board from time to time, and shall include the mandatory functions prescribed under the Listing Rules.
- (iv) **Frequency of Meetings:** The Audit Committee may meet as often as required provided that meetings are held at least on a quarterly basis prior to recommending the financials to be released to CSE.
- (v) **Disclosure:** The Annual Report of the Company must contain the Audit Committee Report, including the matters prescribed under the Listing Rules, and the manner in which the Company has complied with the requirements applicable to the Audit Committee.

(c) Related Party Transactions Review Committee

- (i) **Overview:** The Related Party Transaction Review Committee must ensure that interests of shareholders as a whole are taken into account by the Company entering into related party transactions and directors, Chief Executive Officer (and/or equivalent position thereof) and substantial shareholders do not take advantage of their positions in accordance with the Listing Rules and its Terms of Reference.
- (ii) **Composition:** The Related Party Transaction Review Committee must consist of 3 directors, with 2 members being independent Directors and may at the discretion of the Company include executive directors as well. The Chairman must be an independent director appointed by the Committee.

- (iii) **Terms of Reference:** The Terms of Reference of the Related Party Transactions Review Committee setting out the scope, authority and duties shall be approved by the Board from time to time, and shall include the mandatory functions prescribed under the Listing Rules.
- (iv) **Frequency of Meetings:** The Related Party Transactions Review Committee must meet at least once in every calendar year.
- (v) **Disclosure:** Immediate disclosures of related party transactions must be made to CSE in accordance with the Listing Rules. The disclosures in the Annual Report must include the matters prescribed under the Listing Rules.

(d) **Nominations and Governance Committee**

- (i) **Overview:** The Nomination and Governance Committee must make recommendations for appointment and re-election of directors to the Board and Board Committees in accordance with the Listing Rules and its Terms of Reference.
- (ii) **Composition:** The Remuneration Committee must consist exclusively of Non-Executive Directors, with a minimum of 3 Non-Executive Directors, majority of whom must be independent. The Chairman must be an Independent Non-Executive Director appointed by the Board, and shall not be the Chairman of the Board. The quorum will be at least 2 members.
- (iii) **Terms of Reference:** The Terms of Reference of the Nomination and Governance Committee setting out the scope, authority and duties shall be approved by the Board from time to time.
- (iv) **Frequency of Meetings:** The Nomination Committee must meet as and when required.
- (v) **Disclosure:** The Annual Report of the Company must contain the Nomination and Governance Committee Report, including the matters prescribed under the Listing Rules

6. Reviews

This Policy and related procedures will be reviewed at least annually, or more frequently if required, by the Compliance Department to:

- ensure they remain effective and relevant to the Company;
- ensure that they continue to comply with Applicable Laws and industry standards;
- determine if any changes are required.

The results of this review will be presented to the Board.