

Policy on Corporate Governance, Nominations and Re-Election

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Contents

1.	Definitions and Abbreviations	3
2.	Introduction.....	4
3.	Scope	4
4.	Related Policies	4
5.	Corporate Governance Framework.....	4
6.	Nomination Process	5
7.	Re-Election Procedures and Resignations.....	5
8.	Enforcement.....	6
9.	Reviews	6

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;
Personnel	means all directors, consultants, management, officers and employees (including permanent, probation, temporary or contract staff) of the Company, and individuals (including trainees, seconded staff, casual workers, agency staff, interns);
CSE	means the Colombo Stock Exchange;
Listing Rules	means the Listing Rules of the Colombo Stock Exchange;
Policy	means this Policy on Corporate Governance, Nominations and Re-Election;

2. Introduction

The Company is committed to upholding the highest standards of corporate governance to ensure transparency, accountability, and ethical conduct in all aspects of its operations. This Policy outlines the principles and procedures for governance, the nomination process for board members, and the procedures for reelection. Our objective is to maintain a robust governance framework that aligns with best practices, regulatory requirements, and the interests of our shareholders and stakeholders.

3. Scope

This Policy applies to all aspects of corporate governance, including the nomination, appointment, and reelection of members of the Board of Directors and its committees. It is applicable to all directors, nominees, and committee members of the Company, as well as the processes involved in evaluating and selecting candidates for the board and ensuring their continuous suitability. This Policy also extends to the evaluation and management of governance practices to ensure they remain effective and compliant with applicable laws and regulations.

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 of Directors
- Policy on Board Committees
- Policy on Internal Code of Business Conduct and Ethics

5. Corporate Governance Framework

- (a) Governance Structure: The Board shall oversee the overall governance framework of the company, ensuring that governance practices are aligned with the company's strategic goals and regulatory requirements.
- (b) Board Committees: The Company shall establish and maintain committees as required by law and best practices, including but not limited to the Remuneration Committee, Audit Committee, Related Party Transactions Review Committee and the Nominations and Governance Committee, each with clearly defined roles and responsibilities.

6. Nomination Process

- (a) Nominations and Governance Committee: Subject to specific Terms of Reference, the Nominations and Governance Committee is responsible for identifying and recommending candidates for the Board of Directors and its committees. All new Board appointments shall be made according to the recommendations of the Nomination and Governance Committee. The Committee shall ensure that nominations are based on a thorough assessment of candidates' qualifications, experience, and alignment with the Company's needs.
- (b) Assessment: The Nomination and Governance Committee shall annually assess Board-composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the company.
- (c) Selection Criteria: Candidates for the Board will be evaluated based on their expertise, experience, independence, and ability to contribute effectively to the Company's governance. Diversity and inclusivity will also be considered as part of the selection process.
- (d) Nomination Procedure: The Nominations and Governance Committee will conduct a rigorous and transparent nomination process, including the review of resumes, interviews, and reference checks. Recommendations will be presented to the Board for approval.
- (e) Succession: The Nominations and Governance Committee should ensure that there is a succession plan for the chief executive officer and for all key management personnel and determine the training and development requirements for those identified for succession.

7. Re-Election Procedures and Resignations

- (a) Annual Reelection: At each Annual General Meeting one Director (not being a Nominee Director) shall retire from office, provided however that any Executive Chairman, Managing Director or any other Executive Director appointed shall not be subject to retirement by rotation. The Directors to retire at each Annual General Meeting shall be those who 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.

- (b) Performance Evaluation: Prior to reelection, the performance of each director will be reviewed, including their contributions, attendance, and compliance with governance standards. This evaluation will inform the decision on whether to recommend their reelection.
- (c) Shareholder Approval: The reelection of directors will be subject to approval by shareholders at the Annual General Meeting (AGM). Detailed information regarding each nominee will be provided to shareholders in advance of the AGM.
- (d) In the event of a resignation of a director prior to completion of his/her appointed term, the director should provide a written communication to the board of his/her reasons for resignation.

8. Enforcement

Non-compliance with this Policy may result in corrective actions as deemed appropriate by the Board. The Nominations and Governance Committee will monitor adherence to this Policy and address any issues that arise.

9. Reviews

This Policy and related procedures will be reviewed at least annually, or more frequently if required, by the Board 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.