

Policy on matters relating to the Board

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;
CEO	means the Chief Executive Officer;
CSE	means the Colombo Stock Exchange;
Listing Rules	means the Listing Rules of the Colombo Stock Exchange;
Policy	means this Policy on Matters relating to Board;
SEC	means the Securities and Exchange Commission of Sri Lanka;
SEC Act	means the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021;

2. Introduction

The business and affairs of the Company must be managed by, or under the direction of, the Board.

The Board has adopted this Policy to ensure effective governance, compliance with regulatory requirements, transparency, and accountability in the operations and decision-making processes of the Company, having regard to Applicable Laws, principles of good governance and international best practices.

3. Scope

This Policy is applicable to the Board in the governance and management of the Company.

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 Board Committees;
- Policy on Corporate Governance, Nominations and Re-election;
- Policy on Remuneration;
- Policy on Internal Code of Business Conduct and Ethics;

5. Board Composition

(a) Balance of Representation

- (i) The Board recognizes the importance of a balanced representation to foster diverse perspectives and effective governance. The composition of the Board shall reflect a mix of skills, experience, competencies, and diversity factors such as age, gender, and industry knowledge to enhance decision-making and oversight.

- (ii) The Company will appoint directors as provided under the Articles of Association and the Policy on Corporate Governance, Nominations and Re-election, subject to Applicable Laws and based on the recommendations of the Nomination and Governance Committee. The Board shall consist of such number of independent directors, mandated under the Listing Rules, based on the total number of directors as at the conclusion of the immediately preceding AGM.
- (b) Minimum and Maximum Number of Directors:
 - (i) The Board shall consist of at least 5 directors.
 - (ii) The maximum number of directors on the Board shall be 10 based on the Company's size, complexity, and operational needs. The said maximum number of Directors will optimize Board efficiency, facilitate robust decision-making, and maintain an appropriate level of diversity and expertise.
- (c) Roles and Functions of Chairperson and CEO

The roles of Chairperson and Chief Executive Officer (CEO) shall be separate, except where the Board determines it is in the best interest of the Company to combine these roles. The rationale for combining the roles of Chairperson and CEO shall be documented and clearly communicated to shareholders, outlining the benefits and efficiencies expected from such consolidation.
- (d) Board and CEO Appraisal
 - (i) The Board shall conduct an annual evaluation of its own performance to assess its effectiveness in fulfilling its responsibilities and achieving strategic objectives. The evaluation shall be facilitated by an independent facilitator or conducted through a structured self-assessment process. Key areas of assessment shall include governance practices, decision-making processes, Board composition and dynamics, strategic oversight, and relationship with management.

- (ii) The Board, or a designated committee thereof, shall conduct an annual performance evaluation of the CEO to assess their leadership, performance against strategic goals, and adherence to ethical standards. The evaluation criteria shall be aligned with the Company's strategic objectives, values, and key performance indicators (KPIs) established for the CEO. The evaluation process may involve input from Board members, senior management, and external stakeholders as deemed appropriate.
 - (iii) Performance objectives and criteria for both the Board and CEO evaluations shall be clearly defined and communicated in advance. Confidentiality and impartiality shall be maintained throughout the evaluation process to encourage honest feedback and constructive dialogue.
 - (iv) The collective outcome of Board appraisal must be compiled and be made available to the Nomination Committee for the purpose of making recommendations to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge, training of directors, governance processes, strategy review and other factors relevant to its effectiveness. The results of the CEO evaluations shall be discussed in a Board meeting to identify strengths, areas for improvement, and development opportunities for the Board collectively and for the CEO individually
 - (v) Based on the evaluation outcomes, the Board shall develop action plans to address identified areas for improvement and enhance overall effectiveness. The evaluation results and action plans shall be documented in a formal report and included in the Company's Annual Report or Governance Report to shareholders
- (e) Senior Independent Director
 - (i) If the roles of Chairperson and CEO are combined, the Board shall appoint a Senior Independent Director. The Senior Independent Director shall be appointed from among the Non-Executive Directors and shall possess the

requisite independence in accordance with Applicable Laws and experience to effectively fulfill his role.

- (ii) The Board shall ensure that the roles, responsibilities and powers of Senior Independent Directors are equivalent to those of the Chairperson in instances of conflicts of interest, and shall include the following:
 - Acting as a liaison between the Board Chairperson and the Non-Executive Directors.
 - Chairing meetings of the Non-Executive Directors and providing leadership on governance matters.
 - Serving as a point of contact for shareholders and addressing concerns that cannot be resolved through normal channels.
 - Reviewing the performance of the Chairperson and ensuring that the Board operates effectively and independently.
 - Having the authority to convene meetings of the Non-Executive Directors in circumstances where concerns cannot be resolved through normal channels.
 - (iii) In instances where there is a conflict of interest involving the Chairperson, the Senior Independent Director shall assume equivalent powers and responsibilities to manage the conflict. The Senior Independent Director shall have the authority to represent the interests of shareholders and stakeholders in discussions and decisions where the Chairperson may have a conflict.
 - (iv) The Board shall ensure that measures are implemented to safeguard the independence and interests of the Senior Independent Director, including access to independent advice and resources necessary to fulfill their duties effectively.
- (f) Diversity in Board Composition:
- (i) The Board shall promote diversity in its composition, encompassing a broad range of experience, skills, competencies, age, gender, and industry requirements.

- (ii) Directors shall be selected based on objective criteria to ensure a balanced and effective Board that can adequately represent the interests of stakeholders and oversee management effectively.

6. Meetings

- (a) Meetings of the Board may be held as often as necessary and the Board shall regulate their meetings as they think fit. The recommended frequency is at least once in every quarter in order to effectively execute Board's responsibilities.
- (b) The quorum for a meeting of the Board shall be in accordance with the Articles of Association of the Company and a meeting of the Board at which a quorum is present shall be competent to exercise all such powers and discretions of the Company.
- (c) Directors may participate in Board and Board Committee meetings by audiovisual means, including video conference or teleconference, provided that such participation allows for real-time interaction and engagement equivalent to that of in-person attendance. Directors participating in this manner shall be taken into account when deciding on the quorum.
- (d) The Board must be provided with prior notice of meetings of at least seven calendar days.
- (e) The Chairperson must ensure all directors are properly briefed on issues arising at board meetings. Where directors have concerns about the matters of the Company which cannot be unanimously resolved, they must ensure their concerns are recorded in the Board Minutes.
- (f) The minutes of a Board Meeting must be provided to the directors at least seven before the next meeting date.
- (g) A Director (not being a nominee director), who is absent for 3 months, without obtaining prior concurrence for the same from the Chairman of the Board, shall be deemed to have vacated his post.

7. Trading in Securities

- (a) The directors of the Company are prohibited from engaging in insider trading or any other unlawful activities related to trading in securities of Company and the Group. Prior to trading in securities of the Company or its Group, the directors must obtain clearance from Group Legal and Group Finance as per the Company's Internal Code of Business Conduct and Ethics.
- (b) Any director who trades in securities of the Company or its Group companies shall disclose the details of such transactions to the Compliance Officer within [specified time frame] of the transaction. The disclosure shall include details such as the date of the transaction, nature of the transaction (buy/sell), number of securities traded, price per security, and any other relevant information required by the Company's Internal Code of Business Conduct and Ethics.
- (c) The Compliance Officer shall compile and maintain a record of all transactions and provide periodic reports to the Board or the Audit Committee, as required.

8. Directorships in Other Listed Entities

- (a) The Board recognizes the importance of directors dedicating sufficient time and attention to their responsibilities to the Company. Therefore, Directors are required to limit their directorships in other listed companies to 07 in number directorships.
- (b) Prior approval from the Board is required for a director to accept a new directorship that could potentially conflict with the interests of the Company or significantly affect the director's ability to fulfill their responsibilities to the Company.

9. Compliance and Reporting

(a) Education/Training:

The Board shall ensure that all directors receive comprehensive education and training on Listing Rules relevant to the Company's operations and industry sector upon their appointment and periodically thereafter.

(b) Reporting and Monitoring:

- (i) The Board shall ensure that robust internal controls and policies are in place to facilitate compliance with Listing Rules, including procedures for monitoring ongoing compliance and timely identification of potential issues. The Board shall encourage a culture of continuous improvement in compliance practices, periodically reviewing and updating policies and procedures in response to changes in Listing Rules and regulatory requirements.
- (ii) The Company Secretaries and Group Legal or designated personal shall maintain a repository of Listing Rules and related documentation accessible to Directors for reference and review.
- (iii) The Company Secretaries and Group Legal or designated personnel shall provide regular updates to the Board and board committees on any changes to Listing Rules and their implications for the Company.
- (iv) The Board shall review compliance reports on a quarterly basis, including any instances of non-compliance, and assess the adequacy of measures taken to address deficiencies.
- (v) The Board may engage external legal counsel or advisors specializing in Listing Rules and compliance to provide independent assessments and recommendations as needed.
- (vi) The Board shall conduct an annual review of the Company's compliance with Listing Rules and provide a certification of compliance in the Annual Report. Any

instances of non-compliance shall be disclosed in the Annual Report along with explanations and remedial actions taken or planned.

10. 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.