



Ceylon Tea Brokers PLC

Policy on Matters Relating to the Board of Directors

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1. INTRODUCTION

The Board of Directors (the “Board”) of Ceylon Tea Brokers PLC (the “Company”) recognizes the importance of adhering to good corporate governance and corporate social responsibility in promoting and strengthening the trust of its shareholders and all other, stakeholders; and believes proceeding in accordance with good corporate governance and corporate social responsibility practices. The Board commits to conducting itself with the highest ethical standards, while remaining compliant with all applicable laws and regulations, thereby adding value to the Company’s shareholders and stakeholders. In line with Section 9.2.1 (a) & 9.5 of the Colombo Stock Exchange Corporate Governance rules, the Company has established this formal policy governing matters related to the Board of Directors.

2. BOARD COMPOSITION

The number of Directors on the Board shall not be less than 5 and not more than 12, subject to the statutes. The Board of Directors and the CEO are appointed by the board, with the recommendation of the Board Nominations and Governance Committee, and with the relevant statutory approvals.

- i. appointments to the Board are made on merit and against objective criteria. Care is taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of chairpersonships of committees.
- ii. the Board ensures that plans are in place for orderly succession for appointments to the Board and to senior management, so as to maintain an appropriate balance of skills and experience competencies, age, gender, industry requirements and importance of objective selection of directors within the Company and on the Board.
- iii. the Nominations and Governance Committee identifies, considers and proposes suitable candidates for appointment as Directors.

3. BALANCE OF REPRESENTATION

The Board of Directors shall consist of not less than five or more than twelve in number. Provided that, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules ensure that -

- i. one third or two (whichever is greater) of the total number of Directors on the Board of Directors of the Company at any time and from time to time are Non-Executive Directors; and
- ii. of such one third or two as the case may be of such Non-Executive Directors as aforesaid, a further one third or two (whichever is greater) shall also be ' Independent Directors' of the Company.

4. THE ROLE OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibility for the two roles – Chairperson and CEO at the company. The role of Chairperson and CEO are not exercised by the same individual. The CEO is also not the

Chairperson of the Company. If, exceptionally, the Board decides that both roles should be exercised by the same person, then

- i. the Board will consult major shareholders in advance and will set out its reasons to shareholders at the time of the appointment and in the next annual report.
- ii. require the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest.
- iii. set out the measures implemented to safeguard the interests of the SID

5. FREQUENCY OF BOARD MEETINGS

The board shall meet regularly, and board meetings shall be held at least four times a year at approximately quarterly intervals. Such regular board meetings shall normally involve active participation in person/audio visual means of a majority of directors entitled to be present.

The company recognizes the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.

6. REQUIREMENTS ON TRADING IN SECURITIES OF THE LISTED ENTITY

Directors shall immediately inform the company secretary if they trade in securities of the listed entity.

Directors shall not trade in listed entities securities within the stipulated time frames, as per section 8.6 which is given below.

Section 8.6 - Trading by connected parties

Connected persons should not trade, borrow or lend on the basis of price sensitive information that has not been disclosed to the public. Moreover, connected persons shall not trade, borrow or lend the Securities of the Listed Entity even after release of the information to the Exchange for a period, which should not be less than two (02) Market Days after the release of the information to permit thorough public dissemination and evaluation thereof. In computing this period of two (02) Market Days, the day on which disclosure is made will be excluded. For the purposes of this Rule, an individual is connected with an Entity if, and only if:-

- a. he is a director of that Entity or a related Entity or his spouse and children under 18 years of age; or
- b. he occupies a position as an officer (other than director) or employee of that Entity or a related Entity or a position involving a professional business relationship between himself (or his employer or an Entity of which he is a director) and the first Entity or a related Entity which in either case may reasonably be expected to give him access to information which, in relation to Listed Securities of

either Entity, is unpublished price sensitive information and which it would be reasonable to expect (a person in his position not to disclose except) for the proper performance of his function.