

POLICY ON BOARD COMMITTEE



ON'ALLY HOLDINGS PLC

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<u>Approved By</u>	<u>M.H. Jamaldeen – Managing Director</u>
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Preamble

On'ally Holdings PLC (the “Company”) is committed to maintaining robust corporate governance practices that ensure effective oversight, accountability, and strategic direction. To enhance the Board of Directors’ ability to fulfill its responsibilities, the Company has established specialized board committees. These committees are designed to provide focused expertise, facilitate deeper discussions on key areas of governance, and assist the Board in making informed decisions. This Board Committee Policy outlines the roles, responsibilities, and functioning of the various committees, ensuring that they operate in alignment with the Company’s objectives and regulatory requirements. By fostering clear communication and collaboration, the Board committees contribute to the overall effectiveness and integrity of the Company’s governance framework, promoting sustainable value creation and safeguarding stakeholder interests.

Definition

CSE: Shall all time mean and include the Colombo Stock Exchange.

Objective

The Board Committee Policy of the Company is designed to achieve the following key objectives:

1. To strengthen the Company’s governance structure that provide focused oversight and expert guidance on critical areas such as audit, risk management, remuneration, and corporate governance.
2. To enable the Board of Directors to make more informed and strategic decisions by delegating specific responsibilities to committees with relevant expertise, ensuring thorough analysis and recommendations.
3. To foster a culture of accountability within the organization by clearly defining the roles, responsibilities, and reporting requirements of each committee, ensuring they function in alignment with the Company’s strategic objectives.

4. To ensure that the activities and decisions of the Board committees comply with all applicable laws, regulations, and corporate governance codes, thereby protecting the interests of shareholders and other stakeholders.
5. To provide a structured approach to monitoring and overseeing key business functions, risks, and financial practices, ensuring that the Company operates with transparency and integrity.

By adhering to these objectives, the Company aims to reinforce the effectiveness of its governance framework and support the long-term success of the Company.

Applicability

The policy applies to the Company in general in carrying out its regular operations and discharging its duties and obligations.

Board Committees

Board Committees are the Management framework that facilitates the Board of Directors of the Company to discharge their responsibilities, and will formulate appropriate checks and balances to ensure that the Corporate Governance process is upheld at all times through the Board committees.

Reporting

Each committee shall report directly to the Board of Directors.

The Company Secretary shall function as the secretary to arrange the meetings and maintain minutes, records, etc., under the supervision of the Chairman of the committee. The Board shall present a report of the performance on each committee, on their duties and roles at the Annual General Meeting.

As per CSE rule No. 9.2 (1) (b) & 9.3.1 on Corporate Governance Board shall ensure that the following Board Committees are established and maintained at a minimum and are functioning effectively. The said Board Committees at minimum shall include:

- Nominations and Governance Committee
- Remuneration Committee

- Audit Committee
- Related Party Transaction Review Committee

Nominations and Governance Committee.

Composition

- (1) The members of the Nominations and Governance Committee shall;
 - (a) comprise of a minimum of three (03) Directors of the Company, out of which a minimum of two (02) members shall be Independent Directors of the Company.
 - (b) not comprise of Executive Directors of the Company.
- (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.
- (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Company.

Functions

The functions of the Nominations and Governance Committee shall include the following:

- I. Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.
- II. Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;
 - the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities; and,
 - the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.

- III. Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.
- IV. Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.
- V. Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors of the Entity to ensure that their responsibilities are satisfactorily discharged.
- VI. Develop succession plan for Board of Directors and Key Management Personnel of the Company.
- VII. Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- VIII. Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
- IX. Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.
- X. Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

Remuneration Committee

Composition

The members of the Remuneration Committee shall;

- (a) comprise of a minimum of three (03) Directors of the Company, out of which a minimum of two (02) members shall be Independent Directors of the Company.

(b) not comprise of Executive Directors of the Company.

(2) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.

Functions

(1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors of the Company and/or equivalent position thereof to the Board of the Company which will make the final determination upon consideration of such recommendations.

(2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors.

Audit Committee

Composition

(1) The members of the Audit Committee shall;

(a) comprise of a minimum of three (03) Directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.

(b) not comprise of Executive Directors of the Company.

(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.

(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.

(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.

- (5) Unless otherwise determined by the Audit Committee, the Accountant of the Company shall attend the Audit Committee meetings by invitation.
- (6) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.

Functions

The functions of the Audit Committee shall include the following:

- I. Oversee the Company's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.
- II. Review the quarterly results and year-end financial statements of the Company prior to tabling for the approval of the Board of Directors of the Company with special reference to:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (c) compliance with accounting standards and other legal requirements;
 - (d) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (e) any letter of resignation from the external auditors of the Company; and,
 - (f) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment
- III. To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.
- IV. Obtain and review assurance received from:

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- (a) the Accountant that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and
 - (b) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.
- V. Oversee the processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- VI. Review and assess the Company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.
- VII. Review the risk policies adopted by the Company on an annual basis.
- VIII. Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Company's policies and regulatory requirements.
- IX. Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.
- X. To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.
- XI. If a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.
- XII. Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of

these requirements, the Audit Committee shall promptly report such matter to the Exchange.

Related Party Transaction Review Committee

Composition

The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company an Independent Director shall be appointed as the Chairperson of the Committee.

Functions

- (1) Company shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as per the CSE Rules.
- (2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by a Company when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, or Substantial Shareholders taking advantage of their positions.
- (3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality.
- (4) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations.

Miscellaneous Provisions

Terms of Reference will be drafted by the committee secretary of the relevant committees and with the Committee recommendation board will approve same.

The Board Committees shall adhere to any other regulations and directions issued by the CSE.

Publication

The Company's website will disclose the existence of the Policy on Board Committee and a summary may be shared with the shareholders of the Company upon request made to the Company Secretary.

Review and Update

This policy shall be reviewed and updated at least once every two (2) years by 30th September. The required updates and modifications shall be recommended to the Chairman of the Board for approval.

On'ally Holdings PLC reserves the right to modify and amend the policy at any time.

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M.H. Jamaldeen
Managing Director