



Colombo Dockyard PLC

Ship Repairers, Ship Builders and Heavy Engineers

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS	Document No.: DMD/LEG/CG/9.2.1(a)/2024
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1. Purpose

Company maintains a formal policy of governing matters relating to Board of Directors in compliance with the Listing Rules of Colombo Stock Exchange (Rules), Companies Act and Articles of Association of the Company (AA) including but not limited to board composition/board balance, board performance, responsibilities applicable to all members of the Board of Directors of the Company.

2. Board Composition:

- 2.1 Company maintains a balance of representation between Executive Directors, Non-Executive Directors and Independent Directors to cover minimum board composition and Independent Directors as required by the Rules.
- 2.2 In terms of the AA, the Board shall consist of not less than five and not more than ten directors.
- 2.3 Company complies with the criteria for determining Independency of Directors as specified in the Rules.
- 2.4 Board ensures that required percentage of Independent Directors are on board and obtain necessary disclosures annually confirming their independence or non-independence and when their independency is impaired.
- 2.5 Diversity in board composition for board effectiveness is maintained through range of experience, skills, competencies, industry knowledge, independence.

3. Duties and Responsibilities of Directors:

- 3.1 Chairman shall be a non-executive directors appointed in terms of the AA of the Company and chair the board meetings and ensure the board functions effectively.

- 3.2 Directors are responsible to act and comply with requirements under the Companies Act, AA, and Rules in the best interest of the Company ensuring effective governance.
- 3.3 The role of Directors is as set out in the AA in line with the Rules and Code of Best Practice on Corporate Governance including but not limited to providing strategic guidance, oversee management, and ensure the company's long-term success and existence.
- 3.4 Board of Directors appoint Board Sub Committees as required by the Rules Exchange and to make sure that they are functioned effectively.
- 3.5 The Board Committees ensure to carry out specific functions as delegated by the Board of Directors.
- 3.6 Directors regularly evaluate performance of individual directors and the board as a whole in terms of the Rules.
- 3.7 Company shall ensure that Directors on the board are fit and proper persons at all times and evaluate in line with the assessment criteria give in the Rules.
- 3.8 All Directors & CEO shall annually submit declaration confirming their compliance with fit & proper assessment criteria and independency.
- 3.9 The Board of Directors shall ensure timely and accurate reporting of the company's affairs to the Colombo stock Exchange as required by the Rules.

4. Appointment and Removal of Directors:

- 4.1 Directors are nominated and elected with the recommendation of the Nomination and Governance Committee by the Board subject to shareholder approval in terms of the Act and AA where necessary.
- 4.2 Process for replacing board members in case of resignation, retirement or unexpected departure is defined in AA.

5. Board Meetings:

- 5.1 Under normal circumstances, Board Meetings are held once in two months. The Board summon special/urgent board meetings as and when so requires with proper notice to Directors.
- 5.2 A director should attend at minimum 65% of board meetings annually to ensure consistent attendance and effective participation.
- 5.3 Members of the board are entitled to participate in Board Meetings and Board Sub Committees by audio visual means and such participation is taken into accounts when deciding the quorum. Quorum and voting method are set out in the AA.
- 5.4 Minutes of Meetings of the Board Meeting are duly kept on record by the Secretary.

6. Compliance

- 6.1 Board members are kept informed and updated of the requirement and compliance under the Rules and any amendments thereto from time to time, Company's on going compliance/non-compliance and obligations arising from the Rules and are obliged to comply with such Rules
- 6.2 A director shall immediately upon trading in shares of the Company disclose it to the Company/Secretary and make necessary announcement to the Colombo Stock Exchange.
- 6.3 Maximum number of directorships a director should be permitted hold in other listed companies is 7 and if such number is exceeded, company shall provide an explanation and make a disclosure as necessary.
- 6.4 This policy shall be reviewed annually or as and when necessary to ensure the same is updated in compliance with Rules.

7. Alternate Directors

- 7.1 An Alternate Director shall be appointed in an exceptional circumstances, only for a maximum period of one year.
- 7.2 If an alternate director is appointed by a non-executive director, such alternate director shall not been an executive of the company, and if by an independent director, such alternate director shall also be an independent director.

8. Code of Conduct

- 8.1 The Board of Directors shall act with the highest ethical standards and integrity and maintain highest level of confidentiality of all matters, discussions and any information privy to them.
- 8.2 The Board of Directors shall disclose conflicts of interest if any and excuse themselves from determination, voting on such matters.

9. Training and Development

The directors shall participate in ongoing training, awareness programmes of any regulatory changes, governance practices and industry trends conducted by relevant authorities, institutions from time to time.

10. Amendments to the Policy

This policy will be reviewed annually, or as necessary, to reflect changes in regulatory requirements, business operations, or best practices. Any amendments will be approved by the Board of Directors, and all relevant stakeholders will be informed of updates.

