

SATHOSA MOTORS PLC



Policy on Board Committees

**Sathosa Motors PLC
25, Vauxhall Street, Colombo 02**

30TH SEPTEMBER 2024

Board Committees Policy

1. Introduction

The Board of Directors of SML is committed to ensuring effective governance through the establishment of essential board committees. These committees are the Nomination and Governance Committee, Remuneration Committee, Audit Committee, and Related Party Transaction Review Committee. The Chairperson of the Board of Directors shall not serve as the Chairperson of these committees to maintain independence and objectivity.

2. Nomination and Governance Committee

The Nomination and Governance Committee ensures that appointments to the Board follow a formal, transparent process. It comprises a minimum of three members, at least two of whom must be independent directors, with an independent director as Chairperson. This committee evaluates the appointment, reappointment, and re-election of directors and develops a succession plan for board members and key management personnel. Additionally, it oversees the corporate governance framework, ensuring compliance with regulations and industry best practices.

3. Remuneration Committee

This committee is responsible for developing a transparent policy for executive remuneration, including both cash and non-cash benefits. It consists of at least three directors, with a majority being independent, and an independent director as Chairperson. The Remuneration Committee recommends compensation packages for the Executive Directors and CEO to the Board and may seek external expertise to assess the competitiveness of the remuneration structure.

4. Audit Committee

The Audit Committee is tasked with overseeing the company's financial reporting, internal controls, and risk management processes. It consists of at least three members, with a majority being independent directors, and an independent director as Chairperson. The committee reviews quarterly and annual financial statements, ensures compliance with legal and regulatory requirements, and assesses the performance and independence of external auditors.

5. Related Party Transactions Review Committee

This committee ensures that related party transactions are conducted transparently and in the best interest of shareholders. Comprising a minimum of three directors, including two independent directors, the committee reviews proposed transactions, assesses potential conflicts of interest, and ensures compliance with regulatory requirements.

6. Approval, Revision, & Dissemination

The policy will be reviewed and revised as needed, with the Nominations and Governance Committee overseeing the process. Revisions must be approved by the Board of Directors and communicated to all directors and published on the company's website in accordance with CSE Listing Rules.

PASSED BY THE BOARD OF DIRECTORS THROUGH A CIRCULATED RESOLUTION ON 30TH SEPTEMBER 2024