

SATHOSA MOTORS PLC



**Policy on Corporate Governance, Nominations and
Re-election**

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

30TH SEPTEMBER 2024

Introduction:

The Corporate Governance, Nominations, and Re-election Policy of Sathosa Motors PLC outlines the principles and procedures for nominating and re-electing directors. This policy ensures compliance with best practices and legal regulations, promoting transparency, accountability, and effective governance. The Board of Directors is responsible for overseeing the company's governance and strategic direction, ensuring leadership that drives sustainable growth.

Governance Structure:

Sathosa Motors operates under a robust governance framework consisting of a Board of Directors and four Management Committees. This structure facilitates clear reporting lines, effective decision-making, and the segregation of management from oversight functions. The company focuses on transparency, responsible resource management, and social responsibility to create long-term value for stakeholders.

Nominations:

The Nominations and Governance Committee manages the process of appointing and re-electing directors, ensuring fairness and accountability. The committee evaluates candidates based on their experience, knowledge, and alignment with the company's strategic needs. Its responsibilities also include setting criteria for selection, assessing the performance of the Board and CEO, developing succession plans, and ensuring the corporate governance framework meets regulatory standards.

Appointments, Re-election, Resignation & Retirement:

1. All Board appointments are based on a "fit and proper" test, with candidates evaluated by existing Directors. Final decisions are made collectively by the Board.
 2. Directors are re-elected with shareholder approval at the Annual General Meeting (AGM) unless otherwise stated in the Article of Association of the Company. All Independent Non Executive Directors must seek re-election at least once every three years in rotation basis.
- C. Directors submitting resignations must provide explanations, which are recorded in Board meeting minutes and resignation letters for documentation.

Role of the Chairperson:

The Chairperson, an Independent Non-Executive Director, oversees Board operations and maintains high corporate governance standards. They coordinate with the CEO and Company Secretary to ensure effective Board meetings, covering strategy, performance, risk management, and compliance.

Role of the Chief Executive Officer (CEO)/Managing Director (MD):

The CEO leads the company's operations, setting the long-term vision and ensuring alignment across departments. Their role includes safeguarding resources and optimizing their use for business success.

The Company Secretary:

Appointed by the Board, the Company Secretary ensures compliance with corporate governance rules during Board and shareholder meetings. They communicate with the Colombo Stock Exchange and are responsible for shareholder notifications and accurate proxy voting records.

Approval, Revision & Dissemination of the Policy:

This policy will be reviewed and revised as necessary to align with legal changes and governance best practices. The Nominations and Corporate Governance Committee will recommend revisions to the Board for approval. Once updated, the policy will be 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 30ST SEPTEMBER 2024