

SATHOSA MOTORS PLC



Policy on the Matters Relating to the Board of Directors

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

30TH SEPTEMBER 2024

The Policy on Matters Relating to the Board of Directors

The Board shall consist of a minimum of 5 and a maximum of 9 members. All appointments to the board will be selected through a formal, objective process overseen by the Nominations & Governance Committee of the company and approved by the Board of Sathosa Motors PLC (SML). Board shall take in to account the such evaluation and recommendations made by the Nomination and Governance Committee on appointment or reappointment of directors. The Board will prioritize diversity in terms of experience, skills, competencies, age, gender, and industry expertise and will ensure that at least one member is from a recognized professional accounting body. The Board will maintain a balance of Executive and Non-Executive Directors, with Two-third of its members being Non-Executive Directors and at least One third of the Board represent by Independent Non-Executive Directors. Chairman of the board shall be a Non-Executive director and Chief Executive Officer/ Managing Director will be an executive director as appointed by the board.

The Chairman of the board is responsible for leading the Board and focusing it on strategic matters, overseeing the Group's business and setting high governance standards. He shall play a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room. CEO/ Managing Director shall lead the company, making sure all parts of the business work well together and follow a clear plan. He is responsible for shaping the company's goals and making sure these goals are met. He should communicate regularly with the company's board of directors to report on progress and get guidance. Board shall evaluate the CEO/Managing Director in terms of financial performance, leadership effectiveness, operational efficiency and progress toward key goals.

The Board shall convene at least four times annually, with additional meetings scheduled as necessary. To maintain consistent participation, each director must attend a minimum of 50% of all meetings to avoid being deemed as having vacated their position. Directors may attend meetings virtually, and such participation will be counted as attendance, provided prior notice is given of their intention to attend virtually.

Directors shall use their best efforts to ensure that the Board operates critically and independently, with each member possessing the expertise to assess the company's overall policy and perform their role effectively. Both the Board collectively, and Directors individually, must comply with the laws of the country. Directors are required to meet all disclosure obligations regarding trading in the company's securities and its listed group

companies as per the regulations of SEC or other regulatory in the country. A director must inform the Chairman and Company Secretary immediately upon appointment to other Boards. However, a director shall not hold more than five directorships in Boards of listed companies unless otherwise specially approved and disclose by the Board considering his ability to effectively hold them. But this is not exceeding ten boards of listed companies at any circumstances. Directors are expected to exercise independent judgment in discharging their duties, including on matters related to strategy, performance, risk management, and business conduct. Any potential conflicts of interest must be disclosed to the Chairman, and Directors must recuse themselves from related discussions. Directors are also expected to dedicate sufficient time to Board matters, review materials prior to meetings, and follow up on issues afterward.

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