

UNION ASSURANCE

# **Corporate Governance**

**requirements applicable in  
respect of entities specified  
in Section 9 of the Listing  
Rules of the Colombo Stock  
Exchange**

Insert Version 1.0

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## Corporate Governance requirements applicable in respect of entities specified in Section 9 of the Listing Rules of the Colombo Stock Exchange

### Rule 9.2 Policies

This disclosure is to comply with Rule 9.2 of the Colombo Stock Exchange (CSE) Listing Rules, whereby the Company is required to establish and maintain the following Policies.

1. Policy on the matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and Re-election Policy on Remuneration
5. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
6. Policy on Risk management and Internal controls
7. Policy on Relations with Shareholders and Investors
8. Policy on Environmental, Social and Governance Sustainability
9. Policy on Control and Management of Company Assets and Shareholder Investments

10. Policy on Corporate Disclosures
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

The Company has developed and implemented the above policies as mandated by the CSE. The Company has combined or segregated the policies, as applicable and relevant, to ensure a cohesive framework and to provide better clarity for the adoption and implementation of such policies. These policies, which have been integrated into the John Keells Group's (Group) governance framework over a period of time, ensures the adoption of best practices, as applicable to a diversified conglomerate such as the Group, and compliance with regulatory requirements.

Together with the Operating Model of the Group, each of the above policies provide the broad framework for the monitoring and implementation of the respective policies.

## Below are the key features of each policy mandated under Section 9 of the CSE Listing Rules:

### 1. Matters relating to the Board of Directors:

- This policy establishes the principles governing the composition and functioning of the Board of Directors (BoD).
- Key aspects include defining the powers, authority, and delegation rights of the Board, ensuring a balanced and diverse composition, and outlining the roles of Executive, Non-Executive, and Independent Directors.
- It covers responsibilities related to maximum number of directorships that may be held in listed entities, meeting attendance, decision-making, managing conflicts of interest, timely disclosures, and adherence to laws and ethical standards.
- Includes guidelines on the roles of the Chairperson and CEO, Board evaluations, and interactions with shareholders to ensure effective governance.

### 2. Board Committees:

- This policy provides a structure for forming, managing, and dissolving Board Committees .
- It covers the qualifications and expertise required for Committee members, defines their mandate, responsibilities, and authority, and ensures compliance with relevant laws and rules.
- It also outlines the committees' reporting obligations to the Board, including oversight on policies, processes, and risk management.

### 3. Corporate Governance Policy:

- This policy outlines the principles of governance that guide the Board and senior management in aligning with applicable laws, rules, industry standards, and best practices.
- It emphasizes transparency and accountability, risk management, internal controls, and the importance of ethical business practices.
- ESG (Environmental, Social, Governance) responsibilities are highlighted to ensure that governance practices incorporate sustainable practices across operations.

### 4. Nominations and Re-election Policy:

- Establishes a clear, transparent process for identifying, evaluating, and appointing new Board members and re-electing existing ones.
- It includes criteria for evaluating potential and current Directors, such as legal compliance, qualifications, and competencies.
- Provides guidelines for Board member tenure, succession planning, and a structured process for induction, training, and professional development.

## 5. Remuneration Policy:

- Outlines the framework for determining compensation for the Board, members of Board Committees, key personnel, and employees.
- The policy ensures that remuneration is competitive and aligned with the Group's performance-based remuneration philosophy.
- It defines how compensation for Non-Executive Directors is determined and emphasizes that there will be no self-determination of remuneration.

## 6. Code of Conduct:

- Establishes minimum standards of behaviour, professionalism, and integrity for all employees, including Directors and management.
- Key areas include loyalty to the Group, compliance with laws, ethical business practices, fraud prevention, confidentiality, fair competition, and respect for human rights.
- The policy also includes guidance on insider trading, privacy, and the use of company assets and technology, with a strong focus on diversity, inclusion, and health and safety.

## 7. Risk Management Policy

- Outlines the overall risk appetite and the governance framework for identifying, managing, and mitigating risks at both the Group, Company and business unit levels, as relevant.

## 8. Internal Control Policy

- Establishes a robust framework for the design, implementation, and monitoring of internal controls to safeguard assets, ensure compliance with laws, and provide assurance on operational and strategic goals.

## 9. Corporate Disclosures & Relations with Shareholders and Investors:

- This policy ensures that the Company makes timely, accurate, and comprehensive disclosures of material information to shareholders and the public, in accordance with regulatory requirements.
- It covers financial and non-financial disclosures, including annual reports, press releases, and updates on the corporate website, and outlines the Company's approach to shareholder relations, such as annual general meetings and investor engagement.

## 10. ESG Policy:

- The policy highlights the Company's commitment to Environmental, Social, and Governance (ESG) principles, ensuring that these factors are integrated into business practices.
- Focuses on environmental stewardship, social responsibility, community outreach, and governance standards, with clear commitments and regulatory benchmarks for measuring performance.

### 11. Control and Management of Company Assets:

- This policy aims to ensure that all company assets (tangible and intangible) are properly accounted for, safeguarded, and efficiently utilized.
- It sets strategies for asset acquisition, maintenance, disposal, tracking, and inventory, and includes measures to prevent loss, theft, or misuse.
- It also covers compliance, audits, and the responsible use of assets for legitimate business purposes.

### 12. Management of Shareholder Investments:

- Provides a comprehensive framework for managing the Company's investments to maximize shareholder value.
- It outlines ethical considerations, including ESG factors, in investment decisions, the protection of minority shareholders, risk management, and transparency in reporting investment performance.

### 13. Speak Up Policy (Whistleblowing):

- This policy establishes the framework that facilitates the reporting of concerns related to compliance, ethics, or breaches of the Code of Conduct.
- It ensures that reports can be made confidentially, and anonymously if necessary, and provides protection against retaliation for those who report in good faith.
- The policy outlines the process for addressing, investigating, and responding to reports in a timely manner.

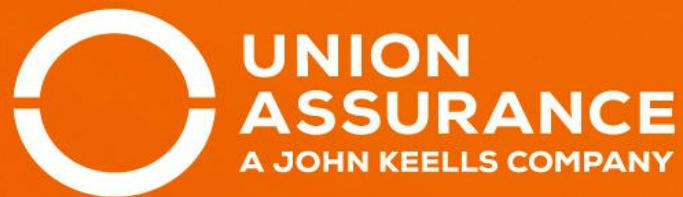
#### 14. Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing, and Sanctions

- Aims to safeguard the Company from financial crimes such as fraud, bribery, corruption, money laundering, and terrorism financing.
- It sets up systems to prevent, detect, and mitigate risks, with clear procedures for due diligence, reporting, record-keeping, and compliance with legal requirements.
- The policy includes regular audits and employee training to strengthen internal controls.

#### 15. Engagement of External Auditors for Non-Audit Services:

- Establishes guidelines for the engagement of external auditors to supply non-audit services to ensure their independence is not compromised.
- It ensures compliance with relevant laws and ethical standards and outlines approval, review, and monitoring processes to safeguard auditor independence.

Each of the above policies will be periodically reviewed and updated, as relevant, as stated within each of the policies.



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