

# **POLICY ON THE MATTERS RELATING TO THE BOARD OF DIRECTORS**



## **Policy on Matters Relating to Board of Directors**

The Board Charter of CDB establishes the guidelines governing the roles, responsibilities, and operations of the Board of Directors. This policy ensures that the Board functions efficiently and in accordance with applicable laws, regulations, and best practices on corporate governance.

### **Formal schedule of matters reserved for the Board**

The Board adopts a formal schedule of matters reserved for the Board's deliberation and decision. These are related to strategic, financial, risk management and compliance areas which require the specific consideration and/or approval of the Board. Those are categorized and mentioned specifically, under the following sub categories.

- Board structure
- Remuneration matters
- Company Operations
- Financial Aspects
- Other

All departments and functions shall obtain the approval of the Board for the respective policies which also contains the matters that require prior approval of the Board.

### **Delegation of Functions by the Board**

The Board of Directors delegates the management and daily operations of the Company to the CEO/MD, granting the necessary powers and authority. This delegation is guided by Board policies and does not cover matters specifically reserved for Board approval.

Board Subcommittees and Management Committees operate within defined limits, controls, and reporting lines. Their roles and structures are documented and reviewed periodically to align with business needs and complexities. This approach ensures that while the Board delegates operational functions, its oversight and strategic responsibilities remain intact.

### **Meetings**

- Frequency: The Board will meet a minimum of twelve times annually, roughly once a month.
- Agenda and Reports: Agendas, management reports, and Board papers will be provided via a secure platform at least seven days before each meeting.
- Attendance: Directors must attend at least two-thirds of meetings in the previous 12 months and avoid missing three consecutive meetings. Failure to meet this requirement will result in cessation of their directorship.

- Preparation: The Company Secretary will prepare the agenda, which must be approved by the Chairperson.
- Virtual Meetings: Virtual meetings will be conducted on approved channels. Directors may join physical meetings via audio-visual means with prior notice.
- Quorum: A meeting requires that at least one-fourth of the quorum consists of Independent Directors. Participation via audio-visual means counts towards the quorum.
- Resolutions: One-third of the Directors can request a resolution to be presented to the Board.
- Director Commitment: Directors must dedicate sufficient time to their duties, attend Subcommittee meetings, and utilize circular resolutions when necessary. Directors should have adequate time to familiarize themselves with the Company's operations, risks, and controls before meetings and follow up on issues as needed.
- Availability of Information: Comprehensive information will be provided to ensure thorough discussion and decision-making. Directors may request additional information as needed.
- Briefings: The Chairperson will brief all Directors on matters arising from meetings, and Directors have open access to Corporate and Senior Management.
- Non-Executive Meetings: The Chairperson will hold meetings with Non-Executive Directors at least twice a year, without the presence of Executive Directors.
- Minutes: Minutes will be recorded clearly, accurately, and in a timely manner, documenting discussions, decisions, and any dissenting views. These minutes will be entered into the minutes register, available for inspection by any Director.

### **Composition of the Board**

- Number of Directors: The Board shall have between seven and thirteen Directors.
- Service Period: Non-executive Directors may serve a maximum of nine years.
- Executive Directors: Their number shall not exceed one-third of the total Board.
- Independent Directors: At least three or one-third of the Board members, whichever is higher, must be independent.
- Board Balance: The Board should have a balanced mix of skills, experience, independence, and diversity. It should be large enough to meet business needs and facilitate smooth transitions.
- Fit and Proper Criteria: Directors must meet fit and proper regulatory criteria, possess diverse skills, professional qualifications, and relevant experience. Directors must be under seventy years of age.
- Directorship Limits: Executive Directors may not hold similar positions elsewhere. Non-Executive Directors are limited to a maximum of eight directorships in listed companies.

### **The Role of the Chairperson and CEO**

A clear division of responsibilities between the Chairperson and CEO must be maintained at all times and primary responsibilities of the two roles are specified.

### **Access to Information and Independent Advice**

Board members shall have access to all necessary information and professional advice for effective decision-making. The Board can obtain independent legal, financial, and other expert advice at the company's expense.

### **Board Performance**

Transparent, frequent and effective evaluation process is in place to evaluate performance of Board of Directors.

- Board Evaluation: Review effectiveness, compliance with laws, Board Charter, and best practices.
- Individual Contributions: Assess each Director's contribution.
- Committee Performance: Evaluate the effectiveness of Board Committees.
- Goals and Objectives: Review and set goals for the Board for the upcoming financial year.

### **Director Development**

The Board will provide comprehensive training to ensure its members understand their governance roles and make informed decisions. New directors will undergo a detailed induction, including background reviews, meetings with senior management, and facility visits. Non-Executive Directors will receive annual governance training to improve Board and Committee performance, with additional focus on specific roles and regulatory matters. The CEO and Executive Directors will also engage in technical and personal development training to support their career growth and maintain high professional standards.

### **Conflicts of Interest and Related Party Transactions**

Directors must declare any potential or perceived conflicts of interest, such as multiple directorships or business relationships, and must disclose conflicts at the start of the relevant Board or Committee Meetings. Directors with conflicts must abstain from discussing or voting on the affected matters, in

accordance with regulatory framework and the Board Charter. Independent Directors must report any changes affecting their independent status. The Board will review and approve transactions involving conflicts of interest, and the Company Secretary will maintain a register of these conflicts. Directors trading in company securities must adhere to CBSL, SEC, and CSE regulations, avoid trading based on unpublished price-sensitive information, and follow set trading timeframes. Granting of share option schemes and exercise by Directors must also comply with applicable rules and regulations.

### **Role of the Company Secretary**

The Company Secretary appointed at the senior management level shall assist the Board to discharge its functions by effectively discharging the role and responsibilities assigned by the Board Charter.

*Shareholders interested in obtaining this Policy may submit a written request to the Company Secretary, and the requested documents will be provided accordingly.*