Eastern Merchants PLC

(ESTABLISHED IN 1945)
Reg. No. PQ 153

EXPORTERS - IMPORTERS
No. 240, Torrington Avenue, Colombo 7, Sri Lanka.
Tel: (+9411) 2328406, 2328408, 2325736, 2435503 | Fax: (+9411) 2448474
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CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION POLICY

1. Purpose

Eastern Merchants PLC ("the Company") is committed to maintaining high standards of corporate governance and ensuring that the Company is directed and managed in a manner that promotes accountability, transparency, integrity and long-term sustainable value creation.

This Policy establishes the principles governing the Company's corporate governance framework, Board nominations and the re-election of Directors. This Policy has been established in accordance with Rule 9.2.1(c) of the Listing Rules of the Colombo Stock Exchange ("CSE Listing Rules").

2. Corporate Governance Framework

The Company shall maintain a governance framework appropriate to the nature, scale and complexity of its business.

The framework shall seek to ensure:

- effective Board leadership and oversight;
- accountability and transparency;
- appropriate segregation of responsibilities;
- effective Board Committees;
- sound risk management and internal controls;
- ethical business conduct;
- protection of shareholder interests; and
- compliance with applicable laws, regulations and CSE Listing Rules.

3. Role of the Board

The Board of Directors ("the Board") shall have overall responsibility for the governance and strategic direction of the Company.

The Board shall:

- approve the Company's strategy and significant business plans;
- oversee financial and operational performance;
- monitor risk management and internal controls;

Chairman: J.B.L. de Silva | Deputy Chairman: H.J. de Silva | Managing Director: C.S.L. de Silva
Directors: S. Jayakody, G.R.J. de Silva, F. Mushin, R. Pradeep, N. Nanayakkara

- oversee compliance with applicable laws and regulations;
- ensure appropriate governance policies and structures are maintained;
- oversee the performance of senior management; and
- safeguard the interests of shareholders and other stakeholders.

4. Board Composition

The Board shall comprise an appropriate combination of Executive, Non-Executive and Independent Non-Executive Directors in accordance with applicable laws, regulations and CSE Listing Rules. Accordingly, 1/3 of the Board will comprise of Independent Directors and the Board shall include at least one Chartered Accountant.

The Board shall seek to maintain an appropriate balance of:

- skills;
- knowledge;
- experience;
- independence;
- diversity; and
- sector and business expertise.

5. Nominations

The Nominations and Governance Committee shall assist the Board in identifying and evaluating candidates for appointment to the Board.

In considering candidates, the Company shall have regard to:

- qualifications and professional experience;
- relevant industry and business knowledge;
- integrity and reputation;
- leadership capability;
- independence, where applicable;
- diversity of perspectives;
- time commitment; and

- the current and future requirements of the Board.

6. Independence of Directors

The independence of Non-Executive Directors shall be assessed in accordance with the criteria prescribed by the CSE Listing Rules. Each Director shall provide the required declarations relating to independence, interests and other relevant matters.
The Board shall periodically review the independence of Directors and disclose the required information in the Annual Report.

7. Re-election of Directors

Directors shall be subject to re-election in accordance with the Companies Act, the Company's Articles of Association and the CSE Listing Rules. The Nominations and Governance Committee shall consider the continued suitability and contribution of Directors standing for re-election.

In making recommendations, consideration shall be given to:

- performance and contribution;
- skills and experience;
- attendance and participation;
- independence, where applicable;
- continuing suitability; and
- the needs of the Board.

8. Board Succession

The Board shall maintain appropriate succession planning arrangements to support continuity and ensure that the Company has access to the skills and experience required to execute its strategy.

9. Board Evaluation

The Board shall periodically assess its effectiveness, composition and performance. Board Committees and individual Directors shall also be evaluated in accordance with the Company's governance framework and applicable regulatory requirements.

10. Board Committees

The Company shall maintain the mandatory Board Committees prescribed by the CSE Listing Rules. Each Committee shall operate under written Terms of Reference approved by the Board.

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11. Governance Disclosure

The Company shall provide appropriate disclosures concerning its corporate governance framework, Board composition, Board Committees, independence and other matters required under applicable laws, regulations and CSE Listing Rules.

12. Review

This Policy shall be reviewed periodically by the Board and amended where necessary to reflect changes in the Company's operations, applicable laws, regulations and CSE Listing Rules.
The existence and implementation of this Policy shall be disclosed on the Company's website in accordance with Rule 9.2.1.

13. Document Control and Implementation

Upon Board approval, this Policy shall be communicated to all Directors, Board Committees and relevant senior management, published on the Company's website in accordance with Rule 9.2.1 of the CSE Listing Rules, and applied with immediate effect from the Effective Date stated above, with compliance monitored on an ongoing basis by the Company Secretary.

Board Approval Date	29.01.26
Effective Date	02.02.26
Review Date	
Version	1.0

Chairman: J.B.L. de Silva | Deputy Chairman: H.J. de Silva | Managing Director: C.S.L. de Silva
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