Eastern Merchants PLC

(ESTABLISHED IN 1945)
Reg. No. PQ 153

EXPORTERS - IMPORTERS
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POLICY ON BOARD COMMITTEES

1. Purpose

Eastern Merchants PLC ("the Company") recognises that effective Board Committees are an important component of sound corporate governance. Board Committees enable the Board of Directors ("the Board") to give focused consideration to specific areas of responsibility and provide independent oversight and informed recommendations to the Board.

This Policy has been established in accordance with Rule 9.2.1(b) of the Listing Rules of the Colombo Stock Exchange ("CSE Listing Rules").

2. Board Committees

The Board shall establish and maintain the Board Committees required under the CSE Listing Rules and such additional Committees as may be considered necessary for the effective governance and oversight of the Company.

The mandatory Board Committees of the Company shall comprise:

- Nominations and Governance Committee;
- Remuneration Committee;
- Audit Committee; and
- Related Party Transactions Review Committee.

Each Committee shall operate in accordance with written Terms of Reference approved by the Board.

3. Nominations and Governance Committee

The Nominations and Governance Committee shall assist the Board in ensuring that the Company has an appropriate balance of skills, experience, independence, diversity and competencies.

Its responsibilities shall include:

- considering and recommending candidates for appointment or re-election to the Board;
- reviewing Board composition and succession requirements;
- considering the qualifications, experience, skills and independence of proposed Directors;
- overseeing succession planning for the Board and senior leadership;
- supporting the effective implementation of the Company's corporate governance framework; and

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

- undertaking such other responsibilities as prescribed by the CSE Listing Rules or assigned by the Board.

4. Remuneration Committee

The Remuneration Committee shall assist the Board in establishing appropriate and transparent remuneration policies and practices for Directors and senior management.

Its responsibilities shall include:

- recommending remuneration policies and structures to the Board;
- reviewing remuneration of Executive and Non-Executive Directors, as applicable;
- ensuring that remuneration is aligned with the Company's strategy, performance and long-term interests; and
- undertaking such other responsibilities as prescribed by the CSE Listing Rules or assigned by the Board.

5. Audit Committee

The Audit Committee shall assist the Board in fulfilling its responsibilities relating to financial reporting, internal controls, risk management, internal audit and external audit. The Chairperson of the Audit Committee shall be a Charted Accountant.

Its responsibilities shall include:

- reviewing the integrity of the Company's financial reporting;
- overseeing the effectiveness of internal controls and risk management processes;
- reviewing the independence and effectiveness of the external auditor;
- overseeing the internal audit function, where applicable;
- monitoring compliance with applicable laws, regulations and statutory requirements; and
- undertaking such other responsibilities as prescribed by the CSE Listing Rules or assigned by the Board.

6. Related Party Transactions Review Committee

The Related Party Transactions Review Committee shall assist the Board in ensuring that related party transactions are appropriately identified, reviewed and dealt with in accordance with applicable laws, regulations and the CSE Listing Rules.

The Committee shall:

- review related party transactions falling within its mandate;
- assess potential conflicts of interest;
- ensure that applicable regulatory and disclosure requirements are considered;
- make appropriate recommendations to the Board; and
- undertake such other responsibilities prescribed by the CSE Listing Rules or assigned by the Board.

7. Composition and Independence

The composition of each Board Committee shall comply with the applicable requirements of the CSE Listing Rules and its approved Terms of Reference. The Chairperson of Committee shall be an Independent Non-Executive director and the board will ensure the committees have an appropriate balance of independence, knowledge, experience and skills. Executive Directors or Key Management Personnel will participate in committee meetings as and when necessary. The Chairperson of the Board shall not serve as the Chairperson of any mandatory Board Committee.

8. Meetings and Reporting

Each Committee shall meet with sufficient frequency to discharge its responsibilities effectively. The Chairperson of each Committee shall report to the Board on significant matters considered by the Committee and shall bring to the attention of the Board any matter requiring Board consideration or approval. Minutes of Committee meetings shall be maintained in accordance with the Company's governance procedures.

9. Terms of Reference

Each Board Committee shall operate under written Terms of Reference approved by the Board.

10. Annual Review

The Board shall periodically review the composition, effectiveness and performance of each Board Committee. Committee membership and Terms of Reference shall be reviewed periodically to ensure continuing compliance with applicable laws, regulations and CSE Listing Rules.

11. Disclosure and Availability

The Company shall disclose the existence of this Policy and relevant information concerning the implementation of the Policy on its website in accordance with the CSE Listing Rules.

12. Approval and Review

This Policy shall be approved by the Board and reviewed periodically or whenever there are material changes to applicable laws, regulations, CSE Listing Rules or the Company's governance framework.

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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