# Policy on Board Committees

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**RICHARD PIERIS & CO. PLC**

# 1. Introduction

In a corporate governance framework, specialized committees like the Nomination and Governance Committee, Remuneration Committee, Audit Committee, and Related Party Transactions Review Committee play crucial roles in ensuring transparency, accountability, and ethical conduct. The Nomination and Governance Committee oversees the selection of competent board members and ensures adherence to governance best practices. The Remuneration Committee ensures that compensation policies align with the company's strategic objectives and shareholder interests. The Audit Committee safeguards the integrity of financial reporting, compliance, and risk management processes. Meanwhile, the Related Party Transactions Review Committee monitors transactions involving significant shareholders or directors, preventing conflicts of interest and ensuring fairness in all dealings. These committees collectively contribute to the robust governance structure necessary for sustainable business success.

# 2. Purpose and Scope of the Policy

The Policy on Board Committees outlines the structure, responsibilities, and operating procedures for key committees within Richard Pieris & Company PLC, including the Nomination and Governance Committee, Remuneration Committee, Audit Committee, and Related Party Transactions Review Committee. This policy is designed to ensure that these committees function effectively in compliance with the revised Section 9 of the Corporate Governance Rules (9.2) set by the Colombo Stock Exchange (CSE) for listed companies in Sri Lanka. The purpose of these committees is to enhance corporate governance, support the Board of Directors in fulfilling its oversight responsibilities, and ensure that the company operates in a transparent, ethical, and accountable manner.

This policy applies to all members of the Board of Directors and the respective Board Committees of Richard Pieris & Company PLC. It defines the roles, responsibilities, and procedures for each committee, ensuring alignment with the company's strategic objectives and compliance with regulatory requirements.

# 3. Policy Details

This policy covers the composition, functions and requirements of below committees

a) Nomination and Governance Committee
b) Remuneration Committee
c) Audit Committee
d) Related Party Transactions Review Committee

### a) Nomination and Governance Committee

**Role and Responsibilities:** The Nomination and Governance Committee are responsible for overseeing the selection and appointment of qualified individuals to the Board of Directors. This includes identifying candidates, evaluating their qualifications, and recommending appointments or

reappointments. The committee also monitors corporate governance practices, ensuring that the Board operates in compliance with applicable laws, regulations, and best practices.

**Composition:** The committee shall consist of minimum of three directors, out of which a minimum two members shall be independent. Further committee shall not be comprised of Executive Directors of the company.

Furthermore, the Nomination and Governance committee undertakes their functions as per the Section 9.11 of Listing Rules of the Colombo Stock Exchange.

**b) Remuneration Committee**

**Role and Responsibilities:** The Remuneration Committee is tasked with establishing and reviewing the company's compensation policies for directors and senior management. The committee ensures that remuneration packages are fair, competitive, and aligned with the company's performance and strategic goals. It also ensures that the compensation structure incentivizes sustainable growth while being transparent to shareholders.

**Composition:** The committee shall consist of minimum of three directors, out of which a minimum two members shall be independent. Further committee shall not be comprised of Executive Directors of the company.

Furthermore, the Remuneration committee undertakes their functions as per the Section 9.12 of Listing Rules of the Colombo Stock Exchange.

**c) Audit Committee**

**Role and Responsibilities:** The Audit Committee plays a critical role in overseeing the integrity of the company's financial reporting, internal controls, and risk management processes. The committee reviews financial statements, monitors the effectiveness of the internal audit function, and liaises with external auditors to ensure the accuracy and reliability of financial disclosures. The committee also ensures that the company complies with all legal and regulatory requirements related to financial reporting.

**Composition:** The committee shall consist of minimum of three directors, out of which a minimum two members shall be independent. Further committee shall not be comprised of Executive Directors of the company.

Furthermore, the Audit Committee undertakes their functions as per the Section 9.13 of Listing Rules of the Colombo Stock Exchange.

### d) Related Party Transactions Review Committee

**Role and Responsibilities:** The Related Party Transactions Review Committee is responsible for reviewing and approving any transactions between the company and its related parties, including directors, key management personnel, and significant shareholders. The committee ensures that all related party transactions are conducted at arm's length, are fair, and do not compromise the interests of the company or its shareholders.

**Composition:** The committee shall consist of minimum of three directors, out of which a minimum two members shall be independent. Further committee may comprise of Executive Directors of the company.

Furthermore, the Related Party Transaction Committee undertakes their functions as per the Section 9.14 of Listing Rules of the Colombo Stock Exchange.

### e) Committee Procedures

- **Meetings:** Each committee shall meet regularly, with the frequency determined by its respective responsibilities. Additional meetings may be convened as necessary.
- **Quorum:** A majority (2/3) of the committee members must be present to constitute a quorum for the transaction of business.
- **Reporting:** Each committee shall report its findings and recommendations to the Board of Directors following every meeting. Minutes of the meetings will be documented and made available to the Board for review.
- **Evaluation:** The performance of each committee will be evaluated annually by the Board of Directors to ensure effectiveness and compliance with this policy.

## 4. Review and Amendments

This policy will be reviewed annually by the Board of Directors or a designated committee to ensure it remains relevant and compliant with any changes in laws, regulations, or best practices. Any amendments to this policy must be approved by the Board of Directors.