



POLICY ON MATTERS RELATING  
TO THE BOARD OF DIRECTORS  
OF  
LANKA MILK FOODS(CWE) PLC

# **Lanka Milk Food (CWE) PLC (“LMF”)**

## **statement on matters relating to Board of Directors**

### **Purpose of the Board**

The role of the Board of Directors (“Board”) is to provide entrepreneurial leadership of LMF (“Company”) and its subsidiaries (together, the “Group”) within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is collectively responsible for the long-term success of the Group and delivery of sustainable value to shareholders as well as other stakeholders.

The Board is responsible for formulating the Group's overall strategy and determining its risk appetite. It assesses and approves the necessary financial and operational plans to achieve the strategic objectives set forth. The Group Chief Executive Officer is entrusted with implementing these strategies. Governance reports should emphasize the Board's decisions and their strategic impact on the Group's long-term objectives and operational alignment.

The Board is responsible for managing the Group, in doing so, may exercise all the powers of the Group, subject to any relevant laws and regulations and to the Articles of Association (“Articles”).

### **Matters Reserved for the Board**

The Board is Responsible for:

1. Strategy Oversight & Performance,
2. Corporate Structure, Risk & Control,
3. Material Expenditure & Financial Commitments,
4. Financial Reporting,
5. Stakeholder Engagement, and
6. Culture.

Responsibility for the Group's business on a day-to-day basis has been delegated by the Board to the Group CEO, supported by his Executive Committee, and the management teams of each subsidiary to make and implement strategic, financial & operational decisions.

## **The Board and its Operations**

1. The Board comprises a minimum of five (5) directors and a maximum of twelve (12) directors, and is structured to maintain a balance between executive and non-executive directors, with a minimum of one-third (1/3) of independent directors.
2. The Board will convene quarterly, with proper notices issued to all Directors. Special meetings may be called on an ad-hoc basis when necessary. Directors are expected to attend at least 50% of meetings annually.
3. The Chairman shall lead and maintain control at meetings of the Board and provide reasonable time for deliberations of matters under consideration to ensure that Board decisions are taken in the Group's best interests. If necessary, Board resolutions shall be put to a vote to ensure that it is a majority decision taken in a democratic matter.
4. The distinct roles of Chairman and Group CEO provide a clear division of responsibilities.
5. The Board engages in a structured self-appraisal process to assess the effectiveness of its individual Directors, the Board collectively, and its sub-committees. This evaluation will be overseen by the Governance and Nominations Committee.
6. The Board shall consist of Directors with diverse expertise, experience, and industry knowledge to fulfill its duties and guide the Group management. It also aims for gender, age, and ethnic diversity, as a varied group can enhance decision-making through a broader range of perspectives and experiences.
7. The Board shall have unrestricted access to the Company's (and the Group, as required) information and management to support their duties, and may engage external professionals as required.
8. The Board shall appoint a qualified company secretary.

## **Delegation of Authority**

1. To enhance governance and decision-making efficiency, the Board delegates its powers to subcommittees. Each subcommittee focuses on specific areas, with defined responsibilities. Regular updates from the subcommittees keep the Board informed, fostering a collaborative governance structure aligned with strategic objectives.
2. The Board may also delegate its powers, authorities, and discretions, including the ability to sub-delegate, to any Director, committee, or individual for such duration and under such terms as it deems appropriate.
3. The Board delegates all its powers, authorities, and discretions related to the management and daily operations of the Group to the Group CEO, in line with policies and directives established by the Board, except for matters reserved for the Board as previously outlined.

