

	<b>HELA APPAREL HOLDINGS PLC</b>		
	<b>POLICY ON THE MATTERS RELATING TO THE BOARD OF DIRECTORS</b>	Version No: 01	Issue Date September 30, 2024
Approved by the Board of Directors on 26 September 2024			

## **A. OVERVIEW**

This Policy sets out the matters related to the Board of Hela Apparel Holdings PLC (“Company”). It provides a concise overview of the role and responsibilities of the Board of Directors, powers of the Board, various Board Committees and separation of roles between the Board and Management. This Policy is subject to the provisions of the Companies Act No.7 of 2007 (Companies Act), the Company’s Articles of Association (Articles) and any applicable laws or regulatory provisions.

## **B. ROLE OF THE BOARD**

1. The Board serves as the primary decision-making authority of the Company.
2. It ensures the establishment of a robust internal control system.
3. The Board is responsible for overseeing the corporate governance framework.
4. It adopts and monitors strategic plans, policies, and ensures the integrity of risk management and internal controls.
5. It delineates clear roles and responsibilities to fulfill its fiduciary and leadership duties.
6. The Board promotes a culture of ethical conduct and defines the Company’s values.
7. The Board is responsible for ensuring that the strategies adopted promote the sustainability of the Company.
8. The Board is responsible for establishing policies and procedures for effective operations of the Company.
9. It formulates staffing and remuneration policies, including appointing the CEO and senior staff.
10. The Board is responsible for ensuring cognizance is taken by management of all applicable laws, regulations, governance codes, guidelines and regulations and establishing systems to effectively monitor and control their compliance across the Company.

## **C. MATTERS RESERVED FOR THE BOARD**

1. The Board shall reserve specific powers to itself and delegate other matters to the management of the Company.

2. The Board shall delegate its day-to-day powers and duties to the leadership team headed by the Chief Executive Officer (CEO) and which in turn will make further delegations in accordance with the Company's structure.

3. Without prejudice to the powers expressly invested in meetings of the shareholders, in accordance with the corporate purpose of the Company, and insofar as the Articles permit, the Board shall deal with all matters relating to the conduct of the business of the Company (including all matters concerning the overall industrial, commercial, financial, economic and strategic activities and operations) and of each entity owned or controlled, directly or indirectly, by the Company. The Board regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the Board shall receive all of the information needed to carry out its task, notably from the executive officers.

#### **D. DELEGATION OF AUTHORITY**

1. The management shall be involved in all significant decisions and be accountable to the Board. All delegated authorities must emanate from the Board.

2. The Company's delegation authority mirrors that of the Group for risk/business approvals, financial expenditures, and other matters.

3. The CEO must raise with the Board any matter of significance affecting the Company which requires the Board's attention, including any matters which exceed the delegated authority of the executive management.

#### **D. COMPOSITION OF THE BOARD**

1. The Board shall consider what would be the desirable balance between the Executive Directors and Non-Executive Directors within its membership and within the membership of its Committees. It shall take appropriate actions to comply with the Listing Rules in determining the Board balance.

2. In deciding the composition, the Board shall give due consideration that it comprises a diverse mix of skills and expertise critical for effective oversight on the management of the Company. This shall be underscored by ensuring that each member has the requisite skill and access to the necessary tools required for their effective performance.

3. The Board shall take into consideration the diversity in terms of age and demography in determining the composition of the Board.

4. The minimum and maximum number of Directors shall be governed by its Articles and the maximum number of Directors shall be considered by the business needs of the Company and the environment in which the Company is functioning

#### **E. BOARD INDEPENDENCE**

1. To enhance independence, the Board shall avail an environment that ensures the members are critical and independent of one another so as to promote independent and objective judgement.
2. There shall be an annual review to evaluate the company's succession planning needs with regard to Independent Non-executive Directors (INED).
3. Prior to appointment, INEDs shall be required to satisfy the following criteria:
  - a) have no conflicts of interest;
  - b) have appropriate professional skills, training and background;
  - c) bring influence and stature in the local market, including government, regulators and the business community;
  - d) add to Board diversity but also fit with the existing board (directors from different sectors, industries including financial sector etc.);
  - e) have no political appointments;
  - f) be financially stable;
  - g) be able to devote sufficient time to the role and be willing to attend the scheduled board meetings in person or by phone or video conference;
  - h) satisfy the requirements under the applicable regulations and
  - i) must not have served for more than nine (9) years since they were first elected as an INED.

## **F. ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

1. The Board may from time to time require independent legal, financial, governance or any other expert advice. To facilitate this, the Board shall establish a process for the members to obtain external advice at the company's expense and to invite Senior Management to provide technical advice when needed.
2. The Board shall establish procedures to allow its members access to relevant, accurate and complete information and professional advice in order to discharge its duties effectively.

## **G. BOARD TRAINING**

1. Each Board member shall participate in an induction program to effectively orient the member to the Company's business, strategy, objectives, policies, procedures, operations, senior management and the business environment. The induction shall also include all the necessary information that shall be required by a member for effective performance on the Board. New Board members shall also be introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the business.

2. Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the Company.
3. The Board shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the business and corporate governance environment.
4. The Board shall conduct an annual review to identify the training needs for each member on a regular basis and facilitate up skilling as well as continuous development.

## **H. BOARD EVALUATION**

1. At least once a year, the Board shall deliberate on its ability to meet the expectations of the shareholders, by reviewing its membership, organisation and functioning. The result of this evaluation and the measures implemented as a result of the evaluation shall be communicated to the shareholders in the report on corporate governance.
2. Independent assessment shall be carried out at appropriate intervals as determined by the Board.

## **I. THE CHAIRMAN OF THE BOARD**

1. The Board shall appoint a chairman (“Chairman”) from among its non-executive members by a simple majority.
2. The Chairman shall chair the meetings of the Board. She/he shall exercise the powers of her/his office in accordance with Applicable Law, the Articles and this Policy.
3. Role of the Chairman:
  - 3.1 Leadership of the Board
    - a) Lead the Board and conduct of the Board's function, including briefing of all Directors in relation to issues arising at Board meetings;
    - b) Together with the Board and the Committees Chairs, enable the Company to fulfil its governance function;
    - c) Plan Board meetings for a calendar year and prepare agendas of Board meetings, in coordination with the CEO and the Company Secretary;
    - d) Ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information to enable them to effectively participate in the Board meetings;
  - 3.2 Convene Board meetings as deemed necessary;
    - a) Preside each Board meeting and make sure all Directors can voice their opinion;
    - b) Solve differences between Directors and facilitate the decision process;

c) Ensure that each Director fully participates in the Board's activities — facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Board members and Management;

### 3.3 Organize strategic discussions

a) Submit decisions to the vote of the Board;

b) Recommend to the Board for consideration the membership and functions of Committees of the Board, in liaison with the Chairperson of the Nominations & Governance Committee (NGC);

c) Ensure robust communication between Board Committee chairs and as needed with individual Directors;

d) Conduct assessments of the Board and, if decided by the Chairman and the Board, coordinate a third-party review, including meeting with all the Board members to obtain their input on this review, in liaison with the Chairperson of the NGC;

e) Add credibility and weight to the Board of Directors.

### 3.4 Supervise the CEO succession.

a) Support the CEO for external contacts and strategy;

b) Organize strategic sessions in coordination with the CEO;

c) Serve as a mentor and advisor for the CEO on issues to be presented to the Board, feedback from the executive sessions of the independent Directors, and on issues facing the Company;

d) Support the CEO with external parties, where appropriate.

3.5 Be available to connect with the shareholders who wish to have a direct contact with the Chairman;

3.6 Be entrusted with shareholder relations as it relates to the Board, particularly with regard to corporate governance topics;

4. In the absence of the Chairman, the Board shall be chaired by the Co-Chairman. In the absence of the Co-Chairman or if no Co-Chairman has been appointed the Board shall appoint any attending Director to be Chairman for the duration of that meeting only. Such appointment shall be made by a simple majority vote.

5. The Board may appoint a Co-Chairman from among its members by a simple majority.

6. The Co-Chairman assists and supports the Chairman, upon the Chairman's request, in performing the Chairman's missions, with a view to promoting the good functioning of the Board.

7. The Co-Chairman may be consulted by the Chairman to set the agenda of the Board meetings. He/she may also be consulted on any other item the Chairman thinks fit.

## **J THE CHIEF EXECUTIVE OFFICER**

1. The general management of the Company shall be under the responsibility of the CEO.
2. The mission of the CEO is to manage the Company and to implement the Board's decisions, under the supervision and control of the Board.
3. The CEO is the legal representative of the Company vis-à-vis third parties and acts in the name and on behalf of the Company in all circumstances.
4. The CEO is vested with overall management power over the Company, subject to the limitations set forth in Applicable Law, in the Articles and the Policies of the Company.
5. The CEO may delegate her/his powers under Applicable Law or the Articles or those delegated to her/him by the Board (provided, in such case, that she/he has been expressly so authorized by the Board).
6. The duration of the corporate office of the CEO is determined by the Board.
7. If the CEO is chosen among the Directors, her/his resignation or dismissal from her/his membership of Board shall automatically terminate her/his office as CEO. On the other hand, the resignation or dismissal of the CEO from her/his mandate as CEO does not in itself terminate her/his mandate as Director
8. The remuneration, including bonus and incentive, of the CEO is determined by the Board, in accordance with Applicable Law and Remuneration policy of the Company.
9. Performance appraisal of the CEO
  - 9.1 The evaluation of the CEO shall ideally include a summary of achievements relative to the goals and objectives defined at the beginning of the planning year, and a self-appraisal of performance based on the CEO's key accountabilities in each of the areas also rated by the Board.
  - 9.2 Key directors including the Chairman shall be involved in the preliminary round of appraisal and the final assessment shall be carried out by the Board.
  - 9.3 A set of KPIs or success measures for the role of the CEO shall be set by the Board.
  - 9.4 Any performance-related payments to the CEO shall be negotiated, agreed and documented at the start of the Appraisal period.
  - 9.5 Relevant recommendations from the Remuneration Committee shall be obtained prior to finalizing the increments/ incentive schemes for the CEO.

## **K. MEETINGS OF THE BOARD**

1. Frequency and convening of the Board meetings
  - 1.1 The Board shall normally meet at least every three (3) months, to review the activities of the Company and to consider any matters on the agenda. The Board may hold additional meetings at any time upon due notice.

1.2 Board meetings are convened by the Chairman in accordance with the Articles. Upon request of any Director or the CEO, the Chairman shall convene a Board meeting on a specific agenda proposed by the Requesting Director or the CEO.

1.3 The convening notice may be made in any form, including through electronic means or orally and shall specify the date, time, place and agenda of the meeting within a five (5) day notice period except in case of exceptional circumstances.

## 2. Inclusion of items on the agenda

2.1 Any Director may request the Chairman to include additional items on the agenda; all Directors will be promptly notified of the addition of any such new item(s). All such requests must normally reach the Chairman and the Secretary no later than two (2) days before the meeting, must be accurately entitled and must state concisely the nature of the proposal and the reason why it should be considered at the meeting.

## 3. Documentation for the meetings

The Secretary shall provide the Board members with any information which is relevant to the agenda of such meeting, including any documentation (whether in final or draft form) to be submitted to the Board. Documentation for the meeting shall normally be provided with the relevant convening notice. The Secretary is specifically in charge of providing the Board members with any relevant documentation to prepare the meeting in due time. In addition, the Company may use electronic means in order for them to receive convening notices and documentation and prepare the meeting through. The meetings can be conducted through audio visual mechanisms to encourage participation of all Directors.

## 4. Attendance of Board members at the Board meetings

4.1 The Company Secretary shall maintain attendance records of Directors at the Board meetings.

4.2 The Directors shall at minimum attend two (2) Board meetings which is 50% of the mandatory quarterly Board meetings in a given financial year. However, the Directors shall attend a Board meeting where significant strategies are discussed unless their absence is unavoidable. The Board shall expressly authorise any vacation of Directors who are absent for more than two (2) consecutive Board meetings.

## **L TRADING IN SECURITIES OF THE COMPANY**

Trading in shares of the Company shall be governed by the Code of Business Conduct and Ethics for all Directors and employees.

## **M LIMITATION OF THE NUMBER OF CORPORATE POSITIONS**

1. An Executive Director may not hold more than two (2) other directorships in listed companies (whether in Sri Lanka or abroad), unless within the same Group; such executive Director shall seek the Board prior approval before accepting any new directorship in a listed company;

2. Any Director may not hold more than fifteen (15) other directorships in listed companies (whether in Sri Lanka or abroad), unless within the same Group.

3. The CEO may not hold any other office of CEO in Sri Lanka or abroad (whether listed or not).

4. Upon appointment, each Director shall disclose all then current board positions or other corporate positions (including in Board committees) in Sri Lanka and abroad and shall keep the Board informed by notifying the Chairman and the Secretary of any changes and co-operating with Chairman and the Secretary in the preparation of the Board's annual report on its activities, as envisioned under Applicable Law. All Directors have the duty to keep themselves informed of any regulatory changes in this respect. The Secretary shall be available to provide the Directors with any information they may need in this regard.

## **N. THE COMPANY SECRETARY**

1. The Board shall appoint a Company Secretary to assist and advise the Board and all Board Members.

2. The Company Secretary is the Secretary of the Board and is charged with the following responsibilities:

a) to provide guidance to the Board on its duties and responsibilities and on other matters of governance;

b) to ensure that the Board complies with its obligations under the law and the Company's Articles of Association;

c) to assist the Chairman of the Board in organizing the Board's activities;

d) to assist the Board with evaluation exercise;

e) to maintain and update the register of conflict of interest; and

f) facilitate effective communication between the Company and its shareholders.

## **O. BOARD COMMITTEES**

1. The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws from time to time.

2. The Board has established the following Committees:

- Audit & Risk Committee
- Nominations & Governance Committee
- Remuneration Committee
- Related Party Transactions Review Committee



3. The Board shall appoint the Chairpersons of the Committees on the recommendation of the Nominations & Governance Committee and shall approve appropriate Terms of Reference for the Committees.

4. The Committees shall function according to the Policy on Board Committees.

#### **P. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS**

Policy on Corporate Governance and Terms of Reference for the Related Party Transactions Review Committee shall govern the area of conflict of interest in a proposed transaction of the Company.

#### **Q. CODE OF CONDUCT**

1. The Board shall operate in accordance with the Code of Conduct for all directors and employees that addresses, among other things, conflicts of interest and which shall be reviewed and updated regularly. The Code of Conduct is disclosed on the Company's website.

2. The Company shall adopt an effective whistle blowing mechanisms that encourage staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices.

#### **R. RELATIONS WITH SHAREHOLDERS**

1. The Board shall recognize, respect and protect the rights of shareholders and shall ensure equitable treatment of all shareholders in the same class of issued shares whether minority, institutional or foreign.

2. The Board shall establish a Policy to manage shareholders' relations.

#### **S. RELATIONS WITH STAKEHOLDERS**

1. The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions.

2. The Board shall establish effective communication with its stakeholders in line with applicable laws and regulations.

3. Compliance with Listing Rules

a) Listing Rules shall be collated in the way of systematic checklists so that adherence to compliances can be reviewed, evidenced and checked.

b) The Company Secretary shall be assigned with the responsibility of supervising compliance with the Listing Rules.

c) The CEO and the CFO shall sign off necessary statements that the Company had complied with the Listing Rules and such statements shall be tabled at the quarterly Board meetings.