



POLICY ON CORPORATE GOVERNANCE,
NOMINATIONS AND RE-ELECTION
OF
LANKA MILK FOODS(CWE) PLC

Lanka Milk Food (CWE) PLC (“LMF”)

statement on Corporate Governance, Nominations, and Re-elections

Introduction

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 of the Group has formally adopted the Policy on Corporate Governance, Nominations, and Re-Election to align with the Listing Rules and ensure a robust governance framework. This policy outlines the responsibilities and duties related to the governance of the Company while providing clear guidelines for the nomination and re-election of Directors.

The Board

The Board of Directors of the Company shall consist of a minimum of five and a maximum of twelve directors. It shall include at least two Independent Directors or one-third (1/3) of the total number of Directors (whichever is greater) with independence assessed according to Rule 9.8.3 of the Listing Rules. The Chairman, elected by the Board, shall be a non-executive Director and will preside over all Board and shareholder meetings.

Governance

The Board shall govern and direct the business affairs of the Group and its Companies, possessing all requisite powers necessary for effective oversight and management.

The Board shall have unrestricted access to management and the financial records, with the authority to invite relevant management personnel to Board meetings for enhanced deliberation. It may also engage external consultants to provide additional expertise when necessary. Moreover, the Board shall delegate specific authorities by creating sub-committees while retaining overall accountability for corporate governance. The active sub-committees include the Governance and Nomination Committee, Audit Committee, Remuneration Committee, and Related Party Transactions Committee.

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

Nominations

The Governance & Nomination Committee is tasked with identifying, assessing, and nominating suitable candidates for Director positions to fill any vacancies on the Board.

To evaluate potential candidates, the Committee will review the existing Board's competencies, identify necessary skills and diversity.

Directors appointed by the Board will serve until the next annual general meeting, where they may stand for election by shareholders. The appointment process will adhere to the Company's articles of association and relevant laws.

Re-election of Directors

At each annual general meeting, one Director shall retire. The Director to retire will be the one who has served the longest since their last election. Retiring Directors are eligible for re-election.

The Board shall ensure that the process of appointing Directors complies with the Company's articles of association and relevant laws. This includes a thorough assessment of each candidate's qualifications to ensure they meet the fit and proper criteria as specified in the Listing Rules.

Governance and Review

This Policy falls under the purview of the Governance & Nomination Committee. To ensure its ongoing effectiveness and compliance with regulatory requirements and governance standards, the Committee will oversee its implementation, conduct periodic reviews, and recommend any necessary amendments to the Board for final approval.