



**SRI LANKA TELECOM PLC**

**BOARD PROCEDURE MANUAL**

Approver
Board of Directors of Sri Lanka Telecom PLC

Owner
Group Company Secretary

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## 1. PURPOSE

The Board of the Company (“Board”) has the ultimate responsibility to its shareholders for the strategy and performance of the Company in general. The Board is dedicated to fulfilling these duties in a lawful and professional manner, and with the utmost integrity and objectivity. As such, the Board actively pursues best practice governance processes.

Good governance policies and processes are critical for ensuring that the Company is governed in the best interests of the Company as a whole.

The Board Procedure Manual sets out the process, procedures and functions of the Board within the governance framework of the Company. This document should be read in conjunction with the Companies Act No. 7 of 2007, (“Companies Act”), Listing Rules issued by the Colombo Stock Exchange (“CSE”) and the Articles of Association (“AOA”) of Sri Lanka Telecom Plc (“the Company”).

## 2. BOARD OF DIRECTORS

### 2.1. Appointment

The Directors are appointed by the members of the Company. Accordingly, the major shareholders of the Company recommend candidates to be appointed to the Board.

The Nominations & Governance Committee (“N & GC”) is responsible for reviewing the candidates recommended by the major shareholders and recommending them to the Board. The general criteria for nomination of director candidates include, but are not limited to the highest standards of integrity and ethical behavior, the ability to provide wise and informed guidance to management, a willingness to pursue thoughtful, objective inquiry on important issues before the Company, and a range of experience and knowledge that commensurate with the Company’s needs as well as the expectations of knowledgeable investors. The Committee also considers whether the candidate enhances the diversity of the Board which includes professional background and capabilities, experience, skills competencies, age, gender and industry requirements.

In terms of the AoA of the Company, the Directors have power to appoint a person to fill a casual vacancy or as an additional Director upto the maximum no of Directors authorized by the AoA. Any Director so appointed shall hold office until the next Annual General Meeting (“AGM”) and be re-appointed by the shareholders. [*Article 97*]

### 2.2. Composition & Board Balance

The AoA of the Company provides a minimum of five (5) Directors and a maximum of ten (10) Directors. [*Article 79*]

The composition of the Board shall at all times comply with the AoA of the Company, the Companies Act, the Listing Requirement of the CSE and other regulatory guidelines and requirements that are in force.

The Board should be structured to ensure that it consists of Independent/ Non – Executive Directors with expertise and skills from various fields.

### 2.3 Independent Directors (“ID”)

The number of IDs and the criteria for determining independence is subject to the applicable regulations of the CSE.

Each ID should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria in the form of the specimen provided in the Listing Rules.

The Board should annually determine the independence or non-independence of each IDs based on such declaration and other information available to the Board and set out in the annual report the names of directors determined to be 'independent'.

#### **2.4. Alternate Directors**

An Alternate Director shall only be appointed in exceptional circumstances and for a maximum period of one year from the date of appointment. The Alternate Director to be appointed should be of the same nature of directorship as the Appointor.

Provisions with regard to the appointment of Alternate Directors are set out in the AoA of the Company. [*Article 113*]

#### **2.5. Fitness of Directors**

The Directors at all times should ensure that they comply with the fit and proper criteria in relation to the following areas as set out in the Listing Rules.

- Honesty, Integrity and Reputation
- Competence and capability
- Financial Soundness.

The Directors should submit a Declaration on an annual basis confirming that he/she has continuously satisfied the Fit and Proper Assessment criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.

#### **2.6 Other Directorships**

A Board member at any given time shall not hold directorship in more than five listed companies or as may be prescribed by the Listing requirements of the Company from time to time.

A Director in terms of section 192 of the Companies Act shall inform the Company of any new directorships accepted by him in other organizations.

### **3. BOARD PROCESSES**

A Director or the Secretary on the requisition of a director may convene a meeting of the Board by giving notice in accordance with the AoA of the Company [*Article 98 (iii)*].

A meeting of the Board may be held either, by a number of Directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting or by means of telephone conference call, other means of simultaneous conference telecommunication at a time appointed by notice in writing setting out a detailed agenda of the business to be transacted at the meeting accompanied by all documents relevant to that business (*Article 107*).

The number of Directors necessary to constitute a quorum for a meeting of the Board shall be one half of the maximum number of Directors permitted by the Articles of

Association (*Article 99*) Accordingly, the quorum to constitute a meeting shall be 5 Directors. No business shall be transacted at a meeting of the Directors if the quorum is not present.

Questions arising at a meeting are to be decided by a majority of votes of the Directors present. Every Director shall have one vote. In the case of an equality of votes, the Board meeting shall be adjourned for 24 hours and if, at the adjourned meeting, the divisions of votes remain equal, the Chairperson of the meeting shall have a second or casting vote [*Article 98 (ii)*]. However, the Chairperson should use the casting vote for the best interest of the Company.

### **3.1. Board Meetings**

#### *3.1.1 Frequency of Meetings*

Board meetings are scheduled 7 to 8 times in a calendar year. However, ad hoc and special meetings will be convened in addition to the scheduled meetings, if required. The Annual Calendar of meetings will be finalized in consultation with all the Directors prior to commencement of the year. The meeting dates may be changed at the request of a director subject to the consent of all other Directors.

#### *3.1.2 Meeting Venue*

Board meetings will usually be convened at the Board Room of the Company, at SLT Plc's Headquarters, Lotus Road, Colombo 01. Any change in the venue will be notified to the Directors in advance.

#### *3.1.3 Meeting Attendees*

The attendees for the Board meeting will usually comprise.

- All Board members
- Chief Executive Officer ("CEO")
- Company Secretary/ Assistant Company Secretary

In addition, Senior Management who submit papers through the CEO seeking approval, or provide monthly reports, may be invited to attend for the relevant part of the meeting if required by the CEO or by the Chairman or a majority of Directors.

The Chair or a majority of Directors may request any other person other than the Senior Management officials to attend the meeting who, in the opinion of the Chair or the majority of the Directors, may be able to assist the Board in any matter under consideration.

Directors are expected to attend scheduled Board meetings regularly and to prepare for the meetings by reviewing the materials delivered in connection with the meeting in advance. The attendance record of individual Directors will be disclosed in the Company's Annual Report.

The office of a Director shall be vacated if he/she is absent from meetings of the Board of the Directors for six months without leave, and the Directors resolved that his/her office be vacated. [*Article 90 (e)*]

#### *3.1.4 Board Meeting Cycle*

The cycle for a Board meeting is:

Action Item	Working days prior to the meeting
The Company Secretary through the CEO will inform the date of the next Board meeting to the Senior Management and a deadline will be given for them to submit the Board Papers to the Company Secretary through the CEO	21
Draft agenda for the Board meeting will be prepared by the Company Secretary in consultation with the Chairman	8
The agenda and the Board Papers will be dispatched to Directors.	5
Following the meeting	No. of working days preceding the meeting
Draft minutes submitted to the Chairman for review.	5
Circulation of the Minutes approved by the Chairman to Directors for their review and feedback	7

### 3.2 Minutes

In terms of Section 147 of the Companies Act No. 7 of 2007, the Company maintains Minutes of the proceedings of meetings of the Directors and shareholders.

The draft minutes shall be circulated to all the Board members within 7 days from the conclusion of the Board meeting (after being reviewed by the Chairman) by email or uploading the same in the BoardPAC.

Any such Minutes purporting signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting, will be evidence of such proceedings.

The extracts of the Board minutes/decisions will be shared with the respective Officers who have submitted the papers for implementation of decision. Thereupon, an action register will be prepared based on the decisions/directives of the Board of Directors and shared and follow with the respective officers for updates, which will be tabled at the next Board meeting.

#### 3.2.1 Content and Style

The Minutes will contain the events of the meeting which include the following:

- a list of attendees
- a statement of the issues considered by the Board and Management together with related responses or decisions for the issues
- a brief reference to the relevant Board papers
- other information that the Board may request to be included
- disclosures made by Directors on any interest in contracts with the Company.



### **3.3 Emergency Decision Making**

#### *3.3.1 Circular Resolutions*

Any urgent decision that cannot be postponed until the next Board meeting may, in exceptional circumstances, be dealt with by a resolution in writing referred to as a 'Circular Resolution'. The decision to be taken via a Circular Resolution should not be of a complex nature, the Directors should be satisfied with the recommendation given by the Management and should not require extensive presentations by Management or discussion among Directors. A Director may request a discussion with the Management or other Directors before making his/her decision on the Circular Resolution.

In terms of *Article 106* of the AoA of the Company, the Directors of the Company could pass a resolution without a directors' meeting being held if all the Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution. The resolution is passed on the date when the last Director signs the document.

The Protocol approved by the Board regarding circulating resolutions is:

If a matter cannot, due to urgency, be left to the next scheduled Board meeting and it is in relation to a subject matter that is capable of being dealt with via a Circular Resolution, then the Management will recommend this approach to the Chairman. The Chairman may approve the use of a circular resolution or call a meeting at short notice.

#### *3.3.2 Short Notice Special Meetings*

The Protocol approved by the Board regarding Board meetings being called out of schedule is:

If a matter cannot, due to urgency, be left to the next scheduled Board meeting and is in relation to a subject matter that cannot be dealt with via a circular resolution, then management can recommend to the Chairman that a special Board meeting be convened at short notice. The Chairman may consider the importance under exceptional circumstances and call a special Board meeting at short notice if a majority of the Directors consent.

#### *3.3.3 Emergency Contact Procedures*

The Directors should be contactable within 24 hours in case of urgent business issues. Each Director should ensure that their contact particulars are kept informed to the Company Secretary.

### **3.4 Board Papers**

The Board Papers should be prepared using the relevant Board Paper template introduced by the Company Secretary. All Board Papers should be submitted to the Company Secretary through the CEO at least eight (08) working days prior to the date scheduled for the Board meeting. The Company Secretary maintains a register of Board Papers received by the Company Secretariat. The papers received after the deadline given will be accepted based on urgent and exceptional circumstances but all other papers will be rejected attempting to give adequate time for Directors to review the papers prior to the Board meeting.

A Director could contact the Presenter of the Board Paper prior to the meeting if clarification is required on any matter in the Paper.

In the event a Director wish to submit a paper to Board, it should be submitted to the Company Secretary who will in consultation with the Chairman, submit same to the Board. However, in the event of an urgent issue, a Director may submit a Board Paper at the meeting to be considered under 'Any other Business'. In this context, the Board Paper could be taken up for discussion with the consent of the Chairman or a majority of Directors.

A complete set of all the Board Papers (originals) will be maintained by the Company Secretary in hard copy and electronic form.

The Directors are required to treat all information contained in the Board papers as confidential and company information.

### **3.5 Board Meeting Agenda**

The Board meeting agenda is important as it shapes the information flow and subsequent discussions.

An agenda will be prepared for each Board and Committee meeting. Broadly this will contain:

- Confirmation of minutes
- Matters Arising out of the minutes
- Business & Financial Performance Review
- Key Business Strategies and Projects
- Approvals
- Papers for Information

A Director may request the Company Secretary to include an item on the agenda for an upcoming meeting. The Company Secretary shall include the said item in the agenda, after consultation with the Chairman.

The Board Papers received by the Company Secretariat after the deadline give for submission of papers will be included under any other business if it is an urgent and under exceptional circumstances meeting the operational and business needs of the Company.

### **3.6 General Meetings**

In terms of Section 133(1) of the Companies Act No. 7 of 2007, the Directors of the Company shall call an Annual General Meeting of the shareholders to be held once in each calendar year.

In addition, the Directors will in accordance with Section 134 convene an Extraordinary General Meeting of the Company on the requisition of shareholders holding shares which carry not less than 10% of the votes or based on the specific requirements in the Companies Act.

### **3.7 Board Sub-Committees**

In terms of Section 186 of the Companies Act No. 7 of 2007, the Board may delegate to a Committee of Directors, a Director or employee of the Company or any other person, any one or more of its power other than the following powers:

Section 51 - Issue of Shares

Section 52	-	Consideration for Issue of Shares
Section 56	-	Distributions
Section 58 (2) & (3)	-	Stated Capital
Section 59 (4)	-	Reduction of stated capital
Section 64	-	Purchase of own shares
Section 67	-	Redemption option of Company
Section 70	-	Restrictions on giving financial assistance
Section 114	-	Change of Registered Office
Section 241	-	Approval of amalgamation proposal
Section 242	-	Short Form Amalgamation
Section 401	-	Power of Board to appoint administrator
Section 415	-	Vacancy in office of administrator

The Board has currently appointed following sub-committees namely:

- Audit Committee/Risk Management
- Related Party Transactions Review Committee
- Nominations & Governance Committee
- Remuneration Committee
- Senior Tender Board
- Technology Sub-Committee

Each Committee has its Terms of Reference which clearly articulate its responsibilities and delegated authority.

Committee members and Chairs are appointed by the Board on the recommendation of the N & GC and in compliance with the CSE Listing Rules.

A sufficient interval should be allowed between Committee meetings and Board meetings to allow any work arising from the Committee meetings to be performed and reported to the Board accordingly. All decisions taken at sub-committees are considered sub-committee recommendations for approval of the board of Directors. Members of the Senior Management Team will attend Committee meetings where appropriate. The Company Secretary will ensure support to each Committee and ensure minutes of the Committee meetings are taken.

To facilitate communication between the Board and its Committees, each Chair shall provide a report to the Board on material matters considered by the Committee at the next practicable Board meeting after each meeting of the Committee. Minutes of all meetings of the Committees are made available to each Director.

The Board may also from time to time establish ad hoc committees to undertake specific and ad hoc tasks and responsibilities as may be required by the Board.

### **3.8 Expectations of Directors in the Board Process**

A Director shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board and Board committees.

This will include, but is not limited to:

- Acting in a businesslike manner

- Acting in accordance with the Act and AoA of the Company.
- Using judgment, common sense and tact when discussing issues
- Ensuring that others are given a reasonable opportunity to put forward their views (i.e. refraining from interruption or interjection when another Director or person is speaking)
- Communicating in English which is understood by all Directors and not a foreign language

Directors are expected to be forthright at Board meetings and have a duty to question, request information, raise any issues and cast their vote on any resolution according to their own assessment.

Directors are expected to endeavor to achieve decisions by consensus.

Directors are expected to support the letter and spirit of Board decisions in discussions with suppliers, customers, management, employees and shareholders.

### 3.9 Chairman

The Directors may elect one of their members to be the Chairperson of the Board in terms of the AoA (*Article 105*).

If no Chairperson is elected or if at a meeting of the Board, the Chairperson is not present, then the Directors may choose one of their numbers to be the Chairperson of the meeting (*Article 105*).

The Chairman so elected shall be a Non –executive director and the positions of Chairman and CEO shall not be held by the same individual.

#### *Role of the Chairman during a Meeting*

The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meeting. As such, the Chairman will:

- seek the views of all the Directors and facilitate the discussion of each agenda item;
- ensure that the meeting is completed within the time allocated for the meeting; and
- ensure that the decisions are properly understood and properly recorded, and the decisions and debates are completed with a formal resolution.

### 3.10 Duty of Confidentiality

Directors shall keep confidential, all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties, shall remain the property of the Company and is not to be discussed outside the Board room. A Director should not disclose information or allow it to be disclosed without appropriate authorisation.

A Director of the Company who has information in his capacity as a Director which would not otherwise be available to him or her shall not disclose that information to any person or make use of or act on the information except:

- For the purpose of the company;
- As required by law; and
- If authorized to do so by the Board

A Director should not make any statements to the public or to unauthorized persons

regarding matters which are dealt with by the Board of Directors and which are not publicly known *[Article 116 (5)]*.

### **3.11. Company Secretary**

The Board may appoint the Secretary for such term and on such conditions as it thinks fit.

The role of the Company Secretary concerns three main areas viz.

- The Board
- The Company
- The Shareholder

- **The Board**

- Facilitate the appointment of Directors.
- Be responsible for the induction of Directors.
- Facilitate request for information by Directors.
- Compile Board Papers.
- Raise matters which may warrant the attention of the Board.
- Records the minutes of proceedings of the Board meetings.
- Issues the minutes of the Board meetings upon review by the Chairman and Directors
- Ensure that the Directors are kept abreast of the Listing Rules and on-going compliance and/or non compliance by the Company with obligations arising under such Rules.

- **The Company**

- Ensure compliance with all relevant statutory and regulatory requirements.
- Assist in ensuring that the Board's decisions and instructions are properly carried out and communicated.
- Be available to provide a central source of guidance and advice within the Company on matters of business ethics and corporate governance.

- **The Shareholder**

- Communicate with shareholders as appropriate.
- Ensure requests of the shareholders are met.
- Ensure the shareholders' interests are maximized.
- Act as a primary point of contact for institutional and other shareholders especially on matters of corporate governance.

## **4. BOARD FUNCTIONS**

### **4.1 Role of the Board**

The Board is responsible for the overall conduct of the Group's business in the Company and its subsidiaries, and has the powers, authorities and duties vested in it by and pursuant to the relevant laws of the country and the AoA of the Company.

The Board:

- has final responsibility for the Management , direction and performance of the business;
- is required to exercise objective judgment on all corporate matters independent from Executive Management ;
- is accountable to shareholders for the proper conduct and performance of the business; and
- is responsible for ensuring the effectiveness and reporting of corporate governance and internal control systems.

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

The Board has a formal schedule of matters reserved to it for its decision on the Company and its subsidiaries, and these include:

- Group strategy and short term and long-term business plans;
- major capital projects, acquisitions or divestments;
- annual budget and operating plan;
- Group financial structure, including tax and treasury;
- Quarterly, half-yearly and annual financial results and shareholder communication;
- Internal control and risk management systems; and
- Management organization structure, responsibilities and succession plans.

### **4.2. Working with the Chief Executive Officer**

The Directors shall provide guidance to the CEO on the implementation of the Board's decisions and directives. Recognizing that the CEO - Board relationship is crucial for effective corporate governance, the Directors should provide constructive advice and feedback to the CEO on his performance.

### **4.3. Monitoring Performance**

An essential function of the Board is to monitor the performance of the Group in implementing the corporate strategy and overall business and financial performance. To facilitate this, the Board should monitor the operational and financial performance of the Company and its subsidiaries against the key performance indicators and targets approved by the Board.

### **4.4. Compliance**

The Board is charged with overseeing compliance with its legislative, regulatory, contractual and policy obligations.

It has established the Audit Committee to:

- Assist the Board in discharging its responsibility to ensure effective internal control systems are in place; and
- Ensure the accuracy, completeness and timeliness of financial and management reporting in compliance with accounting and reporting standards as well as statutory and regulatory requirements.

#### **4.5 Risk Management**

The Board ensures that its position on risk is clearly communicated to the shareholders and that key issues are appropriately escalated to key stakeholders. It has established the Risk Management process under the Group Audit Committee to assist ensure that effective risk management systems are in place.

#### **4.6 Chief Executive Officer's Performance Review**

A detailed review of the CEO's performance of the Company and each subsidiary is undertaken annually by the Remuneration Committee. This process is based upon goals and key performance indicators set for each CEO by the respective Board at the commencement of each financial year.

#### **4.7 Delegation of Authority to CEO**

The Directors have delegated the following authorities to the CEO to facilitate the day to day operation of the Company (*Article 88*):

- (a) The supervision, direction and control of the day to day Management and operation of the Company in accordance with the current Annual Business Plan
- (b) The acceptance of any obligation or liability on behalf of the Company as provided for in any agreed Annual Business Plan
- (c) Development of the Company
- (d) Preparation of and, subject to approval of such Annual Business Plan by the Board of Directors, the implementation of the Annual Business Plan
- (e) Appointment, removal and responsibility for discipline and supervisory control of any management or personnel of the Company and its subsidiaries
- (f) Conducting relations with all government and statutory authorities
- (g) Conducting industrial and trade union relations
- (h) Controlling day to day business and financial matters of the Company and its subsidiaries

### **5. OTHER MATTERS**

#### **5.1 Indemnity for Directors**

The Directors may be exposed to both liability and personal risk in the fulfillment of their duties. Section 218 of the Companies' Act No. 7 of 2007 and the Company's Articles contain specific provisions to protect its directors against these liabilities.

The Company's AoA provides that every person who is a Director/ Officer of SLT is indemnified against any liability as indicated in *Article 158* of the AoA. The Company has provided for the Directors' and Officers' liability insurance cover.

## **5.2 Access to Independent Professional Advice**

The Directors are entitled to seek independent professional advice on any aspect of the Company's business at the expense of the Company.

If a Director requires specific independent advice, the Director should consult with the Chair or the Chair Audit Committee, where the Chair is conflicted, to facilitate the advice.

## **5.3 Directors' Remuneration**

All Directors are entitled for fees as approved by the Board based on the recommendation made by the Remuneration Committee which will be notified to every Director by the Company Secretary.

The Directors may also be reimbursed for travelling, hotel and other expenses properly incurred by them in attending and returning from Board, Committee or General meetings or otherwise howsoever in connection with the business of the Company in performing their duties as Directors.

The Board has in place a Policy on payment of Directors fees and reimbursement of expenses incurred by Directors in carrying out official responsibilities.

## **5.4 Director Induction**

Newly appointed Directors will undergo an induction process in which they will be given a full briefing on the operations of the Company and its subsidiaries. The induction programme includes presentations made by the Management.

The key corporate documents which include the following (but not limited to) are to be provided to every newly appointed Director:

- This Board Procedure Manual
- The Annual Report of the Company
- Articles of Association of the Company
- Annual Business Plan of the Company
- Terms of Reference of Board Sub-Committees
- Contact information of the Directors and key Management

The induction program may be modified as required to ensure that it is appropriate for the new Director's qualifications and experience.

In addition, the Company Secretary and the Chief Compliance Officer will update the Board on the changes to the Listing Rules and on-going compliance and/or non-compliance by the Company and the obligations arising under the Rules.



## **5.5 Professional Development**

To facilitate continual improvement and to effectively discharge his/her duties and promote active participation the Board's deliberation, all Directors are encouraged to participate in professional and self-development activities. The Company shall pay for attendance at such development activities and provision for Directors' development.

The Board through the N & GC shall also assess the training need of the Directors from time to time.

## **5.6 Board Performance Evaluation**

The N & GC on an annual basis, undertakes a formal and transparent process in evaluating the effectiveness of the Board as a whole and its committees in respect of their respective skills and experience, pursuant to the Annual Assessment exercise.

## **5.7 Guidelines for communication for Board Directors and staff**

Board members should contact the Chairperson, in the first instance, if they wish to: bring any matter of importance before the Board. The Chairperson may meet with individual Board members in regard to Board matters, Board member appraisal, or matters relating to conduct.

The CEO is the link between the Board and staff and is responsible for the implementation of Board policies and the flow of information to the Board to review and monitor results. Liaison between Board members and the SLT's staff should, except in exceptional circumstances, go through the CEO.

The following protocol applies for directors when seeking information from the Company and the SLT controlled subsidiaries:

- As the CEO is delegated the day to day management of SLT and its subsidiaries, the CEO is, therefore, the contact for Board members pertaining to operational matters except who are tasked with special assignment which require to contact with the appropriate staff member directly related to the task.
- Alternatively, the Board members may approach the Company Secretary to request the required information who in consultation with the Chairperson and the CEO coordinate with the respective custodian and arrange the requested information.
- The Board members may formally raise the matter in a Board meeting and request the matters be recorded in the minutes.
- In the event if the information is still not forthcoming, write a letter to all the directors and the CEO detailing the information required, including the purpose of the information and how the director intends to resolve the matter; and as a last resort, employ the provisions of the Companies Act.

The following protocol applies for the members of the Board sub-committees when seeking information from the senior management responsible for the affairs of the Sub-Committee:

- Approach the relevant senior officer with a copy to the CEO;
- Approach the Chairman of the Board sub-Committee;
- Approach the Chairman of the Board if the information is not forthcoming;

- Formally raise the matter in a Board meeting and request and request the matters be recorded in the minutes;

Board members need to be mindful when communicating with staff, not to give what could be construed as direct instructions or comments about work performance. This can confuse lines of accountability. It is not appropriate for Board members to ask staff directly for assistance or a favour as they are generally not in a position to refuse. Contact regarding the matter with the CEO is preferable. Likewise, it is not appropriate for staff to be in direct contact with Board members on strategic or operational matters unless they have permission to do so from the CEO, or the Chairperson.

## 5.8 Share Trading by Directors

In terms of Section 200 of the Companies Act, a Director on appointment to the Board should disclose to the Company, the number of shares of SLT in which he has a relevant interest in as defined by Section 198 of the Act.

In addition, a Director or a connected person (i.e. spouse or children under the age of 18 years) should not trade on the basis of price sensitive information that has not been disclosed to the public.

Moreover, a Director or connected persons should not trade in the shares of the Company even after release of the information to the CSE for a period, which should not be less than two (2) Market Days (excluding the date on which the disclosure is made) after the release of the information.

In the event a Director makes an acquisition or disposal of a relevant interest in shares of the Company, he/she should inform the following information to the Company Secretary within period of four (4) market days immediately preceding the acquisition or disposal;

- the date on which the shares are acquired or disposed.
- nature of the relevant interest
- consideration paid or received;

(A Director of a Company shall be deemed to have a relevant interest in shares where a close family member of the Director may directly or indirectly hold shares)

## 5.9 Conflict of Interest and Related Party Transactions

### 5.9.1. *Conflict of Interest*

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company, should declare the nature of his interest in accordance with the provisions of the statutes and AoA. (*Article 100*).

On appointment, a Director should declare such interests in order to be entered in the Interest Register. The Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts.

### 5.9.2. *Related Party Transactions*

A transaction between SLT and a related party will be an issue where a Director may breach his or her fiduciary duties if he or she fails to separately consider and act in the best interests of the Company.

The Directors and the Key Management Personnel of SLT and its subsidiaries are required to provide the information as per the Statement of related party on a quarterly basis, when there is a change in the status and in any event prior to entering into any transactions between such related parties and the Company, its parent or any subsidiaries, sub-subsidiaries, associates, etc.

The Finance Division will analyze the financial transactions of the SLT group against the statement of related party provided by the Directors to ensure whether there are any related party transactions and/or the directors whether directly or indirectly interested in a contract or proposed contract with the Company.

### 5.9.3 *Approval Process*

When negotiating and entering into arrangements between the Company and related parties, the CEO should:

- Bring the proposed arrangements to the Board for approval;
- Act in the best interests of the Company;
- Ensure that any transaction that confers a financial benefit of any kind to a related party is conducted on an arm's length basis and provide confirmation to the Board that the proposed arrangement is on terms or conditions which are no more favourable to the related party than would be reasonable to expect if the parties were dealing at arm's length terms in the same circumstances;
- If considered necessary by the Board, obtain independent legal advice whether the transaction is on normal commercial terms, and, in particular, to evaluate or recommend the price payable; and
- Ensure that appropriate and properly authorised persons are responsible on behalf of the Company for negotiating any arrangements between related parties.

### 5.10 **Code of Business Practice and Code of Business Conducts for 3<sup>rd</sup> Parties ("COBC)**

The Company has adopted a Code of Ethics ("the Code") to be implemented throughout the Group, which demonstrates its commitment to doing business responsibly and ethically. By articulating the principles by which the Company conduct its business, the Code allows the employees to work and make decisions confidently and in a manner that supports its vision and values. The Code helps the Company achieve the right things in the right manner at all times. The Code shall apply to the Board, Management and employees irrespective of their seniority or designations.

### 5.11 **Review of the Board Procedure Manual**

The Board Manual will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities