

## **Board Charter**

### **1. Introduction**

The Board of Directors Charter (the "Charter") provides a concise overview of the objectives, role, composition and responsibilities of the Board of Directors ("the Board") of LAVASTONE LTD.

This Board Charter is subject to the provisions of the Companies Act 2001, the Company's constitution and any applicable law or regulatory provision.

This Charter is posted on the organisation's website, and can be viewed on:  
<https://www.lavastone.mu>

### **2. Objectives and scope of the Board**

The objectives of the Board seeks to, among others, provide strategic direction to the organisation by defining clear objectives in relation to the management and operations of the organisation and its subsidiaries in accordance with appropriate governance practices.

### **3. Board Structure**

#### **3.1 Composition: Board Profile, Size, Expertise and Independence**

The Company is headed by a unitary board and includes an appropriate combination of Executive directors, Non-Executive Directors and Independent directors. The number of Directors shall not be less than six and shall not be more than twelve.

The Board shall ensure that it has the appropriate balance of skills, experience, expertise and independence so that the Company achieves the required level of effectiveness for the proper running of the Company.

The Chairperson of the Board shall be an independent or a non-executive director and shall be appointed by the Board. When the Chairperson is not an independent director, the Board shall have sufficient number of independent directors in order to maintain an appropriate balance and promote objective judgment.

The Managing Director (MD) shall be a member of the Board but not its Chairperson.

The Board shall comprise of directors from both genders that is, one male and one female director.

#### **3.2 (Re)Appointment**

Nominations of candidates for appointment as directors of the Company and their remunerations are approved by the Company's Corporate Governance Committee, acting in its capacity as Nomination Committee, and recommended to the Board of the Company. The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation.

Before recommending a member of the Board for re-election, the Board must carefully consider his or her past performance on the Board.

The shareholders thereafter elect the Board members at the general meeting

In accordance with the Code, each director is proposed for re-election at the Annual Meeting of Shareholders.

#### **3.3 Remuneration**

The Board shall establish and approve formal procedures for the remuneration of directors. Executive directors will not be paid any directors' fees in addition to their regular remuneration.

### **3.4 Board Performance Review**

A peer review of the Board directors and a review of the performance of the Board and its committees will be carried out and the results are used to improve the contribution of the Directors and assess training needs of its members.

### **3.5 Meetings**

The Chairman and the MD, in collaboration with the Company Secretary, agree meeting agendas to ensure adequate coverage of key issues during the year. Board packs are usually sent to directors in advance. Directors are expected to attend each Board meeting and each meeting of the committees of which they are members, unless there are exceptional circumstances that prevent them from so doing.

The Board is ultimately responsible for the affairs of the Company and the delegation of authority to any Committee does not discharge the responsibility of the Board in respect of the actions and decisions of a Committee. The Board's primary responsibility is to protect the interests of the Company.

### **3.6 Strategy**

- 3.6.1 The Board shall establish the strategic objectives and corporate values and, ensure that they are communicated throughout the organisation.
- 3.6.2 The Board must retain full and effective control over the Company and its capital resources and is responsible for monitoring management in respect of implementation of Board plans and strategies.
- 3.6.3 The Board shall keep track of the competitive position of the Company and the evolution of main competitors.

### **3.7 Control and Risk**

- 3.7.1 The Board is responsible for setting principal policies in respect of risk and conduct of business for the Company. The Board must regularly monitor that senior management is running the business in accordance with such policies.
- 3.7.2 The Board is responsible for the appointment of senior officers, as defined in the Constitution of the Company. It shall make sure that their succession is planned and that an emergency replacement plan exists in case of temporary disability.
- 3.7.3 The Board shall set out the criteria for measuring the MD's performance annually in achieving the approved corporate objectives and risk appetite framework.
- 3.7.4 The Board shall determine the remuneration policy applicable to members of the General Management.
- 3.7.5 The Board shall ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.
- 3.7.6 The Board shall ensure that there is appropriate oversight by senior management consistent with Board policy.
- 3.7.7 The Board shall ensure that procedures and practices are in place to protect the Company's assets and reputation. It shall therefore review processes and procedures on a regular basis to ensure effectiveness of the Group's internal control systems.
- 3.7.8 The Board, with the guidance of the compliance function, has the duty of ensuring that the Company complies with all the relevant laws, regulations and codes of business practice.

### **3.8 Financials**

The Board is responsible for:

- 3.8.1 Approval of the quarterly accounts ensuring that they have been prepared using the appropriate accounting policies and standards and fairly presents the state of affairs of the Company and any other information for disclosure to the market.
- 3.8.2 Declaration of dividends when appropriate and determining the amount of dividend to be declared.
- 3.8.3 Approval of the budget at least annually and review of the main investment proposals.

### **3.9 Interests of the Shareholder and Other Stakeholders**

- 3.9.1 The Board must keep the shareholder informed of material events affecting the Company.
- 3.9.2 When carrying out its roles the Board should consider:
- The primary objective of the Company which is to continue to build sustainable value for its shareholder.
  - The expectations of its shareholder, other stakeholders and the community that directors will undertake their responsibilities with honesty, integrity, care and diligence, in accordance with the law and in a manner which reflects the highest standards of corporate governance and with the consideration of the Corporate Social Responsibility of the Company.
- 3.9.3 The Board shall encourage its shareholder to attend all shareholder's meetings.
- 3.9.4 The Board shall ensure that each item of special business included in the notice of meeting of shareholder is accompanied by a full explanation of the justification and of the effects of the proposed resolution.
- 3.9.5 The Board shall ensure that a brief presentation of each director standing for election or re-election be made to the shareholder.
- 3.9.6 The Board shall ensure that the Company is governed in a transparent manner through accurate and timely information to the public, through its reports to the BOM and any relevant authorities and in its annual report.

## **4. Role and Function of The Chairperson**

### **4.1 Election**

The Chairperson is elected by his or her fellow directors and shall be a non-executive or an independent director.

### **4.2 Duties**

He/she should be a firm, objective and open-minded leader, assuming his/her role by bringing independence of mind and intellectual honesty. Apart from being fully conversant with the key networks of the organisation and have sound knowledge of the activities of the organisation work, the Chairperson is expected to be impartial and objective so as to support or take the right decisions concerning the organisation.

### **4.3 Responsibilities**

The main responsibilities of a Chairperson can be summarised under the following areas:

#### **4.3.1 Strategy and Management of the Company**

- To ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.
- To co-ordinate the Committees to ensure that appropriate policies and procedures are in place for the effective management of the organisation.
- To ensure that the decisions by the Board are executed.
- To sign the Statement of Compliance to be filed with the Financial Reporting Council along with a director to confirm whether the Company has complied fully, partially or has not complied with the Code of Corporate Governance.

#### **4.3.2 Leadership**

- To provide overall leadership to the Board, be impartial and resolve differences in the most constructive way, whilst encouraging and ensuring the active participation of all directors in discussions and Board matters.
- To participate in the selection of the board members whilst ensuring that the board has an appropriate mix of competencies, experience, skill and independence.
- To provide support and supervision to the MD.

#### **4.3.3 Presiding and conducting meetings**

- To set the agenda for Board meetings, therefore giving the meetings their direction and scope.
- To preside over the Board meetings and shareholder's meetings of the Company and to ensure the smooth functioning of the meetings.

- To ensure that Board meetings take place regularly and that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions.
- To ensure that each meeting is planned effectively, conducted according to the Constitution and that matters are dealt with in an orderly, efficient manner.
- To ensure that proper minutes are taken and sign the minutes of Board meetings and shareholder's meetings jointly with the Secretary. Minutes which have been signed correct by the Chairperson of the meeting are prima facie evidence of the proceedings.

#### **4.3.4 Relations with the Shareholder**

- To act as the Company's leading representative and be the spokesperson at functions and meetings to present the aims and policies of the Company.
- To maintain sound relations with the Company's shareholder and ensuring that the effective communication and disclosures are being carried out.
- To ensure that all directors be made aware of the main concerns of the shareholder and key stakeholders and that their views be communicated to the Board as a whole.

#### **4.3.5 Induction, Development, Succession and Performance Evaluation**

- To ensure that newly appointed directors participate in an induction program with the support of the Company Secretary.
- To ensure that the development needs of the directors are identified and appropriate training be provided to continuously update the skills and knowledge of the directors so that they fulfill their role on the Board and its Committees.
- To identify the development needs of the Board as a whole to promote its effectiveness as a team.
- To oversee a formal succession plan for the Board, MD and certain senior management position, in collaboration with the NRC.

### **5. Role Of Executive, Non-Executive and Independent Directors**

- Non-Executive and independent directors collectively shall contribute to the development of the strategy, analyse and monitor the performance of management against agreed objectives. Whenever required, they should challenge proposals presented by management and request additional information where they consider that information is necessary to support informed decision-making.
- Non-Executive and independent directors collectively should provide independent judgment in all circumstances.
- Non-executive and independent directors individually should inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as directors of the Company.
- Non-Executive and independent directors are expected to maintain the skills required to discharge their obligations to the Company and to the extent necessary newly appointed directors may request suitable induction courses which would be made available to them, upon request.
- All directors are expected to take reasonable steps to satisfy themselves that financial information released to the markets and the shareholder is accurate and that the Company has adequate and proper financial controls and systems of risk management.
- All directors are bound by fiduciary duties and duties of care and skill.
- Executive directors must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of the Company. Additionally, executive directors have the additional responsibility of ensuring that the information laid out before the Board is an accurate and true representation of their understanding of the Company's affairs.

### **6. Role of Company Secretary**

#### **6.1 Compliance**

- 6.1.1 To ensure that the organisation complies with its constitution, all relevant statutory and regulatory requirements, codes of ethics and procedures established by the Board.
- 6.1.2 To inform Board of all legislations relevant to or affecting meetings of shareholder and directors.

6.1.3 To continually review developments in corporate governance.

## **6.2 Board members - Appointment, Guidance and Development**

6.2.1 To ensure that procedures for the appointment of directors are properly undertaken.

6.2.2 To facilitate the proper induction of directors into their role.

6.2.3 To provide the Board as a whole and directors individually with guidance as to their roles and responsibilities, advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with prevailing regulations.

6.2.4 To act as a channel of communication and information for non-executive directors.

6.2.5 To assist the Chairperson in governance processes such as Board and Committee evaluation.

## **6.3 Organisation of Meetings of the Company**

6.3.1 To prepare the agenda of Board, Board Committees and shareholder's meetings in consultation with the Chairperson and the MD and to circulate the agendas and supporting documents in a timely manner.

6.3.2 To ensure that there is a quorum for meetings.

6.3.3 To take minutes of Board/Annual meetings and circulate draft minutes to all members and to ensure that minutes of proceedings of Board meetings and meetings of shareholder as well as resolutions of the Board are properly maintained.

6.3.4 To ensure that Annual and Special Meetings of Shareholder are held in accordance with the requirements of the Companies Act and the Company's Constitution.

6.3.5 To ensure that proxy forms are correctly processed and that the voting process whenever applicable is carried out correctly at meetings of shareholder.

## **6.4 Communication with the Shareholder**

6.4.1 To ensure that the shareholder's interests are taken care of and act as a primary point of contact for the shareholder.

6.4.2 To communicate with the shareholder and arrange payment of dividends and/or interest, issuing documentation regarding corporate events being undertaken by the Company such as rights and bonus issues and maintaining good shareholder relations.

## **7. Board Committees**

The Board must establish standing and, from time to time, ad hoc Committees to assist it in carrying out its responsibilities. For each Committee the Board shall adopt a charter setting out its objectives, composition, frequency of meetings, powers and resources, duties and responsibilities, reporting structure and any other relevant matters. The appointment of a Chairperson and of the members of any Board Committee shall be made by the Board.

The roles of Chairperson of Committees shall, as far as it is practical, be well distributed among the directors so that no individual is burdened with too many Committees. It is recommended that, wherever possible, all Board Committees be chaired by an independent nonexecutive director and the Chairperson of each Committee shall not normally be the Chairperson of the Board.

Board Committees shall comprise exclusively of Board members. However, non-directors can be invited to attend the Committees.

The Board has established the following Committees:

- Risk Management and Audit Committee;
- Corporate Governance Committee; and
- Board Investment Committee.

Proceedings of Committees shall be reported to the Board to allow other directors to be informed and seek clarifications from the Committee members, if so desired. Committees must have timely access to the resource and information necessary for them to fulfill their duties. This will include, inter alia, secretarial and administrative support, as well as resources such as legal advisers and outside specialists. Management and staff shall be advised that they must cooperate with the Committees and supply all information as required in a timely fashion.

The Board shall make funds available to the Committees to enable them to seek independent legal, accounting or other advice, as necessary.

## **8. OTHER PROVISIONS**

### **8.1 Professional advice**

The Board has an agreed procedure whereby directors are able to seek independent professional advice, should the need arise. The professional services procured shall be at the Company's expense and prior approval of the Chairperson is required.

### **8.2 Conflict of interests**

Transactions between the Company and its directors or shareholder are sources of conflicts of interest. The personal interests of a director, or persons closely associated with the director must not take precedence over those of the Company and its shareholder.

A director should make a best effort to avoid conflicts of interest or situations where others might reasonable perceive there to be a conflict of interest.

A director shall forthwith after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Company, disclose same to the Board and cause same to be entered in the Interests Register.

The Board has developed a code of ethics that addresses issues that relate, inter alia, to conflicts of interest, particularly relating to directors and management.

### **8.3 Access to information**

The Board shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

### **8.4 Reporting**

All matters brought up to the Board by the different Committees namely, the Risk Management and Audit Committee, the Corporate Governance Committee and the Board Investment Committee which are likely to have an impact on the affairs or reputation of the Company and the holding companies, should be reported by the Chairperson of the Board to the Boards of the relevant holding companies.

**Updated version approved by Lavastone Ltd's Board on 16 December 2024**