



STO Policy

Board Candidacy Policy

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A series of light blue, stylized wavy lines resembling water or a horizon line, running horizontally across the bottom of the slide.

Committed to responsible governance by fostering a diverse, qualified, and ethical Board at STO.

The Board Candidacy Guideline of STO outlines the principles and criteria for selecting board members, emphasizing qualifications, experience, integrity, and diversity. The Nomination and Remuneration Committee ensures the selection process is thorough, considering factors such as industry knowledge, personal character, and avoidance of conflicts of interest.



Board Candidacy Policy

Purpose

The Nomination and Remuneration Committee will adhere to this Policy when identifying and evaluating candidates for election at general meetings for appointment to the Board of Directors at STO.

Last revised date

March 2024.

Scope

This policy applies to the Nomination and Remuneration Committee (the Committee) of STO.

Policy Statement

The Company must ensure that suitable individuals are appointed to serve on the Board of STO.

The appropriateness of candidates must be evaluated in accordance with the following guidelines and procedures.



1. *Minimum requirements for directorship*

At a minimum, the following criteria will be considered for directorship;

- a. Must be a Maldivian,
- b. Must have relevant educational qualification from a MQA approved university of at least a diploma and 10 years managerial experience OR degree and 5 years managerial experience,
- c. Be at least 30 years of age,
- d. Must be a shareholder of STO. If the shareholder is a legal entity, then the directors shall be a person nominated by the respective entity.
- e. Must not hold a key position at a major competitor or an entity of similarity,
- f. Understand the company's business and the industry in general,
- g. Be reasonably available for meetings and other discussions,
- h. Not hold more than 1 directorship in a public listed companies, at the time of application,
- i. Must have integrity in personal and professional dealings,
- j. Be experienced in similar field,
- k. Be able to exercise prudence and judgement,
- k. Be able to read and understand financial statements,
- l. Have wisdom and capacity to make independent analytical decisions, and
- m. Must not hold or have held an employment in STO, any of its subsidiaries, joint ventures, or associate companies, within the past year.
- n. Must not be involved, accused, or convicted for sexual harassment, discrimination, or child abuse case,
- o. Must fulfill the requirements described in the "Fit and Proper Guidelines for Directors of Listed Companies" by CMDA.



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Due consideration will be given to the Board's overall diversity in terms of age, gender, perspectives, background, and experience.

The Committee will also consider factors such as global experience, prior experience as a director of a public company, and knowledge of relevant industries.

2. *Existing Directors*

The Company acknowledges that the continued service of qualified directors promotes stability and continuity within the Board. However, the Company also believes that regularly refreshing

at least one-third of the Board members is advisable to maintain continuity while ensuring that the Board is adequately renewed.

All nominations for directorship received from the Government will be validated against the minimum requirements outlined in this Guideline. Any concerns must be addressed prior to the AGM.

3. *Public Shareholder Recommendations / Applications for Board Directorship*

The Committee will accept all eligible nominations and

applications for board directorship received from public shareholders. However, acceptance of these nominations or applications does not guarantee that the Committee will nominate the candidate for election at the general meeting. All nominations and applications for directorship must be submitted in writing and addressed to the Company Secretariat, within the 21-day notice period provided by the Company. The Company will inform its shareholders of the proper procedures for submitting nominations and applications.



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4. *Evaluation Criteria*

The Committee shall make recommendations to the shareholders regarding the appointment of new members to the Board. In doing so, the Committee must consider the Board's size, shareholding percentage, and composition in alignment with the Articles of Association.

The following criteria must be considered when selecting nominees for directorships.

- a. Determine if the candidate satisfies the minimum qualifications and criteria set forth above.
- b. Ensure that the candidate has submitted a completed directorship application form.
- c. Confirm that the candidate has disclosed any existing or potential relationships with members of the board or any employees.
- d. Determine if the candidate holds a position that would result in a violation of legal requirements or create a conflict with the company due to relationships with competitors.
- e. Assess whether the candidate's current position in another company, particularly if similar to STO, could expose them to confidential corporate information that, in the best interest of the company, should not be shared with another entity or person.
- f. Consider the extent to which the candidate's membership on the Board will promote diversity among directors.



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- g. Identify any relationships between the proposed nominee and the company's competitors, customers, suppliers, or other parties with special interests regarding the company.
- h. Ensure that all legal proceedings involving the nominee within the past five years are considered.
- i. Confirm that the candidate has adequate knowledge and experience in board directorship.
- j. Consider the length of time the candidate has held shares in the company.

When nominating directors for election at general meetings, the Committee may choose to interview any or all proposed candidates as part of the selection process. The Committee may also contact other sources, including public and government authorities such as the Human Rights Commission, and other relevant authorities. The Committee may also reach out to individuals serving on other boards with the candidate, their immediate employer, or even family members, as deemed necessary to form a well-rounded assessment of the candidate.

Information from the application, record form, interviews, candidate resumes, and feedback from authorities or other contacts, as well as any other relevant data, will be considered when determining which candidate, or which of several potential candidates, should be nominated.

Based on the available information and relevant considerations, the Committee will select the candidates they believe are best suited for Board membership. The Committee's recommendations must then be endorsed by the Board before being presented to the shareholders for election.



In the case of Government representative directors, the Committee must advise the Privatization and Corporatization Board (PCB) on nominating qualified and capable directors. The Committee will also emphasize the importance of periodically refreshing the Board's composition while ensuring continuity.

Additionally, the Committee will develop an evaluation form to review candidates based on the criteria outlined above. This form may be reviewed and revised by the Committee as needed.

5. *Information Disclosed to Shareholders on Candidates*

Information about nominated directorship candidates must be disclosed prior to or along with the notice for the general meeting. The notice must include at minimum:

- a) Name and address of the candidate,
- b) Shareholding in the Company,
- c) A brief description of the candidate's qualifications, experience, and achievements,

6. *Board Diversity*

The Company views increasing diversity at the Board level as a key factor in achieving its strategic objectives and supporting sustainable development. When designing the Board's composition, diversity is considered from various perspectives, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge, and length of service.



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