

Guidelines 		Approved By:	Nomination and Remuneration Committee
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TITLE:	BOARD CANDIDACY GUIDELINE		

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2. Purpose

The Nomination and Remuneration Committee will observe this guideline and procedure in identifying and evaluating candidates to subject for election at general meetings for appointments to Board of State Trading Organization Plc. (STO)

3. Scope

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

4. Policy Statement

The Company must ensure that appropriate persons are appointed to serve in the Board of STO. Appropriateness of the person must be ensured in regard with the following guidelines and procedure.

5. Principles

1.1. Minimum requirement for directorship

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

- a. Must be a Maldivian,
- b. Must have relevant educational qualification from a MQA approved university of at least 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 persons nominated by the respective entity, (in such case a resolution appointing the person must be provided by the 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 directorships 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,
- l. Be able to read and understand financial statements,
- m. Have wisdom and capacity to make independent analytical decisions, and

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- n. Must not hold or have held an employment in STO, any of its subsidiaries, joint ventures, or associate companies, within the past 1 year.
- o. Must not be involved, accused, or convicted for sexual harassment, discrimination, or child abuse case,
- p. Must fulfill the requirements described in the “Fit and Proper Guidelines for Directors of Listed Companies” by Capital Market Development Authority

Due considerations will be given to the Board's overall balance of diversity of age, gender, perspectives, background and experience. The Committee will also consider factors such as global experience, experience as a director of a public company and knowledge of relevant industries.

1.2. Existing Directors

The Company agrees that the continuing service of qualified directors promote stability and continuity of the Board. However, the company also believes that consistent change in at least one third of the members of the Board is advisable on a timely basis to ensure some degree of continuity whilst ensuring that the Board is adequately refreshed.

All nominations received from Government for directorship will also be validated with the minimum requirements mentioned in this Guideline. Any concerns must be addressed to before the AGM.

1.3. Public shareholder recommendations / applications for board directorship

The Committee will accept all eligible nominations and applications received for board directorship. However, acceptance of these nominations / applications does not imply that the Committee will nominate the candidate for election at general meeting. All nominations and applications for directorship must be sent in writing addressed to the Company Secretariat, State Trading Organization PLC, within the 21-day notice period provided by the Company. Furthermore, the Company will inform its shareholders on proper procedures to submit nominations and applications.

1.4. Evaluation criteria's

The Committee shall make recommendations to the shareholders on appointment of new members to the Board. When doing so, the Committee must consider the board's size, shareholding percentage and mix of constitution in regard with the Articles of Association.

The following criterion must be considered when selecting nominees for directorships;

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- a. Determine if the candidate satisfies the minimum qualifications and criterions set forth above,
- b. Ensure that the candidate has submitted a completed directorship application form,
- c. Ensure that candidate has disclosed any existing and potential relationship between the candidate and the members of the board or an employee,
- d. Determine if the candidate currently holds a position that would result in any violation of legal requirement or conflict with the Company due to a relationship with the competitors,
- e. Determine if the candidate due to the current position he/she hold in another company, of similarity in anyway with STO, could expose the candidate to certain corporate information that is deemed confidential and that in the best interest of the company, it is most appropriate not to be shared with another corporate entity or person
- f. Consider the extent to which the membership of the candidate on the Board will promote diversity among the directors,
- g. Determine all relationships between the proposed nominee and any of the Company's competitors, customers, suppliers, and/or other persons with special interests regarding the Company,
- h. Ensure all legal proceedings within the past five years involving the nominee is considered,
- i. Ensure the candidate has adequate knowledge and experience on board directorship,
- j. Consider the period of shareholding in the company,

In the case of nominating directors for election at general meetings, the committee may interview any or all proposed candidates as part of the selection process. Apart from the authorities mentioned in the "Record Form" of the Company, made available for directorship applicants to submit with the application, the committee may also choose to contact other sources, including public and government authorities of investigation such as Human Rights Commission, Ministry of Gender, Family and Social Services, Assets Recovery Commission and the President Action Committee, or persons serving on another board with the candidate, his/her immediate employer, or even his family members, as the Committee deems appropriate to develop a well-rounded view of the candidate.

Information received from the application, record form, interviews, candidates resume, information provided by other authorities, contacts and any other information deemed relevant by the Committee will be considered in determining whether a candidate or which of several potential candidates, should be nominated.

Based on all available information and relevant considerations, the committee will select candidates who, in their view, are most suited for membership on the Board. The Committee's recommendations must then be endorsed by the Board before presenting to the shareholders for election.

In the case of Government representative directors, the Committee must ensure to advice Privatization and Corporatization Board (PCB) on nominating qualified, capable directors to the Board and inform

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them on the importance of refreshing the board constitution periodically, whilst ensuring board continuity as well.

Furthermore, the Committee will develop an evaluation form to review the candidates based on the criteria's described above. The Committee may change and review this form as and when necessary.

1.5. Information disclosed to shareholders on candidates

Information regarding directorship candidates must be disclosed prior to or along with the notice for general meeting. The notice must include;

- a) Name and address of the candidate,
- b) Shareholding in the company,
- c) A brief description on his/her qualifications, experience and achievements,
- d) Any legal proceedings within the past five years involving the nominee,
- e) Any violations of legal requirement of conflicts with the company,
- f) Any transactions or certain other types of business relationships with the Company.

1.6. Board Diversity

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and for sustainable development. In designing the Board's composition, board diversity has been considered from several aspects, including but not limited to gender, age, cultural, educational background, professional experience, skills, knowledge and length of service.

2. Record Keeping

The Committee shall maintain appropriate records regarding its process of identifying and evaluating candidates for election to the Board.




3. Disclosure at the General Meeting

The Committee must disclose the procedure and technique used in identifying and evaluating the candidates for election to the Board. It is the responsibility of the Committee to ensure that the procedures used are competent and appropriate for effective evaluation.

4. Changes to this Guideline

Any changes to this policy shall be made by the Nomination and Remuneration Committee and approved by the Board of Directors.

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Endorsement	
Guideline Owner: Hanan Hameed Deputy Company Secretary	
Approved by Nomination and Remuneration Committee: Reesha Abdul Munnim Chairman of NR Committee	
Endorsed by Board of Directors: Amir Mansoor Chairman	
Date:	17 th March 2024