

## **BOARD OF DIRECTORS**

## **TERMS OF REFERENCE**

### **1. Purpose**

This Term of Reference (TOR) defines the roles and responsibilities of a Board Director and serves as a framework for the effective execution of the Director's obligations.

### **2. Scope**

This Term of Reference (TOR) applies to the Board of Directors of Visit Maldives Corporation (VMC).

### **3. Board Composition**

The board consists of 9 members with a combination of executive and non-executive members. A maximum of two individuals may serve as Executive Board members at the same time.

### **4. Board Roles**

In accordance with the laws of the Maldives, the company's Articles of Association, the company's Memorandum of Association, and to achieve the company's objectives, the Board of Directors of the company shall be responsible for carrying out all necessary actions, taking all required measures, and formulating and implementing all principles necessary to uphold the Corporate Governance Code that state-owned companies must follow both directly and indirectly, as well as international best practices and principles of Corporate Governance

In a board sense, the board's role is to acts as a fiduciary and provide guidance in strategic planning to the company's management, therefore the directors should be experienced professionals that can provide expertise in both corporate and industry matters. The board is tasked with number of other responsibilities, including the following:

- (a) decide on all Company strategy to the benefit of the holder;
- (b) always act in the best interest of the company and shareholders as a whole
- (c) approve all policies and procedures of the Company in order to manage the company efficiently and effectively;
- (d) regularly review all operations of the Company to ensure that they are in accordance with the agreed strategy and policies and to the benefit of the holder;

- (e) regularly review the financial position of the Company and to instruct the Managing Director to take such action as is required to ensure that the Company is financially secure;
- (f) pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (g) purchase or otherwise acquire for the Company any property, rights or privileges that the Company is authorized to acquire at such price and generally on such terms and conditions, as the Board may think fit;
- (h) at the discretion of the Board, pay for any property rights acquired by or services rendered to the Company, either wholly or partly in cash or in shares, bonds, debentures, debenture stocks or other securities of the Company, as may be agreed upon;
- (i) insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as the Board may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or conjointly, also insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of insurance affected in pursuance of this power;
- (j) open accounts in any banks or bankers or with any company/ firm or individual and to pay money into and draw money from any such account from time to time;
- (k) appoint any person or persons to accept and hold in trust for the Company any property belonging to the Company and to provide for the remuneration of such trustees;
- (l) refer any claims or demands by or against the Company to arbitration or the Courts of Law;
- (m) make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demand for the Company;
- (n) determine from time to time who shall be entitled to sign on behalf of the Company, the bills, notes, receipts, acceptances, endorsements, cheques, dividend, warrants, releases, contracts and documents;
- (o) invest and deal with any of the money of the Company not immediately required for the purposes thereof, upon such securities and in such manner as the Board may think fit from time to time to vary or realize such investments;
- (p) provide for the welfare of the employees of the Company by contributions of grants of money, pensions, allowances or other payments;

- (q) provide bonuses for the employees of the Company as the Board shall see fit;
- (r) subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for exhibition or to any institution, club, society or funds;
- (s) the Board may, before recommending any dividend, set aside out of the profits of the Company such sums as the Board may think proper for depreciation or to depreciation fund or as reserve or to a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or for repairing, improving, extending, and maintaining any part of the property of the Company or for such purposes as the Board may in their discretion think conducive to the interest of the Company;
- (t) appoint and at the discretion of the Board remove or suspend secretary, secretaries, officers, clerks, employees, agents, advisors, and consultants for the payment, temporary or special services as the Board may from time to time think fit, and to determine their powers and duties and fix their salaries, emoluments and remuneration;
- (u) enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as the Board may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company;
- (v) make rules consistent with the law and these presents to provide for all or any matters for which provision may be necessary or convenient for the purpose of giving effect to the provisions of these presents, the business, functions, management and affairs of the Company;
- (w) ensure that Director's personal and business interests do not conflict with interests of the Company, if a Director's principal business activity rival that of the core activities of the Company then he shall withdraw himself from such discussions and shall abstain from any voting on such issues

## **5. Role of the Chairperson**

The Chairperson of the Board should be Non-Executive, preferably an independent director. It is the Chairperson's responsibility to lead the board and to ensure that board functions properly, meetings are scheduled in advance, there is full participation at meetings, all relevant matters are discussed and that effective decisions are made and carried out. The Chairperson is tasked with number of other responsibilities, including the following:

- (a) setting the agenda for Board meetings;

- (b) ensuring that the Directors of the Board receive accurate, timely and clear information to enable them to reach informed decisions;
- (c) encouraging constructive relations between the Board and Management;
- (d) facilitating the effective contribution of Non-Executive directors in particular during and outside Board meetings;
- (e) encouraging constructive relations between Executive Directors and Non-Executive Directors;
- (f) ensuring that the principles of effective communication and pertinent disclosure are followed;
- (g) when necessary, in co-ordination with other board members, act as the primary point of contact between the enterprise and the ownership entity;
- (h) representing the Board in AGM and other communications with stakeholders;
- (i) ensuring that new directors receive a full, formal and tailored induction on joining the Board and that all directors continually update their skills and the knowledge and familiarity with the company required to fulfil their role both on the Board and on Board committees;
- (j) assessing and where necessary, implement training programmes for directors;
- (k) ensuring that monitoring and evaluation of Board and director appraisals are carried out and reported to PCB annually;
- (l) promoting high standards of corporate governance, overseeing compliance by the company with this Code and signing the Corporate Governance Statement to be attached to the Company's Annual Report; and
- (m) overseeing the compliance by the company with the relevant laws and regulations.

## **6. The Managing Director**

The Managing Director is responsible for executing the decisions of the Board and for the running of the Company and acts as an executive officer in charge. Important decisions about the business of the Company made by the Managing Director should be made with the approval of the Board

## **7. Responsibilities of the Managing Director**

- (a) implement, enforce and apply the policies, strategies, programs, guidelines, procedures decisions, and rules and regulations issued or adopted by the Board;
- (b) manage the day to day affairs of the Company; and
- (c) perform any other duties as the Board may from time to time assign to the Managing Director
- (d) develop and recommend to the Board a long-term vision and strategy for the company that

will generate satisfactory levels of shareholder value and positive, reciprocal relations with relevant stakeholders

- (e) develop and recommend to the Board annual business plans and budget that supports the company's long term strategy.
- (f) Strive consistency to achieve the company's financial and operating goals and objectives and ensure that the day-to-day business affairs of the company are appropriately managed and monitored
- (g) Serve as the chief spokesperson for the company on all operational day to day matters
- (h) Implement Board policies and inform Board on the progress in implementing the policies.

## **8. Roles of the Company Secretary**

The key responsibility of the company secretary is to ensure that the company complies with its constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board. Additionally, Company Secretary is in charge of the following:

- (a) facilitating the efficient administration of Board meetings including their planning, calling, conducting and record-keeping consistent with the law, the securities market's regulations and with the company's articles and bylaws;
- (b) ensuring that the conduct of the general meetings is consistent with the law, the PCB regulations and with the company's articles and bylaws;
- (c) supporting effective Board administration and serving as liaison between the directors and management;
- (d) providing the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the company;
- (e) assisting and advising the chairperson of the Board and reporting to the Board on the company's compliance with the cooperate governance requirements, this Code and other internal corporate rules and policies, the company charter and by-laws and any other relevant laws or regulations;
- (f) assisting the Board in reporting the company's compliance with its Code of Corporate Governance in the Annual Report and on the company's web site;
- (g) monitoring and arranging procedures for compliance with relevant regulatory and legal requirements, providing clarifications to the Board regarding the requirements of laws, this Code, rules of corporate conduct for the company, charter and other legal acts, and introducing

to newly elected Board members this Code and the legal acts regulating the company's cooperate governance and provides any clarifications requested by the Board;

(h) ensuring timely, accessible and accurate filing of corporate statutory records as required by the law (Board meeting minutes), PCB and by the company's articles and bylaws; and

(i) the minutes of Board meetings shall be signed by the Company Secretary and the Company Secretary must ensure that the minutes are signed by the Board Directors present at the meeting.

## **9. Board Meetings**

- Board meetings are usually held twice a month, although this depends on the corporate decisions that should require board consideration.
- A written notice must be communicated with the directors at least 3 days in advance and the notice should cover, the objective, agenda, date, time and place of the meeting.
- The mode of meeting varies depending on the circumstances. Most often however, the meeting takes place at MMPRC office. Further, depending on the circumstances, directors can opt to participate through virtually.
- For a meeting to be validly constituted, a quorum of four (4) Board Directors is required, including a minimum of three (3) Non-Executive Directors.
- Decisions shall be made by majority vote; in the event of a tie, the Chairperson shall have a casting vote.
- Minutes of each meeting shall be recorded and maintained by the Company Secretary.

## **10. Committees**

- The Board may establish committees to support its work. It is mandatory to establish the following committees:
  - Board Audit & Risk Committee
  - Corporate Governance Committee
  - HR and Remuneration Committee
- Each committee shall have its own terms of reference, approved by the Board.
- Committees shall report to the Board on their activities and recommendations.

## **11. Performance Evaluation**

- The Board shall conduct an annual self-assessment to evaluate its effectiveness, governance processes, and individual member contributions.
- The Chairperson shall oversee the evaluation process with support from the Company Secretat.

- Findings from evaluations shall be used to improve Board performance and inform future training or development needs.

## 12. Code of Conduct

Board Directors shall:

- Act honestly, in good faith, and in the best interests of the organization.
- Exercise due care, skill, and diligence in fulfilling their duties.
- Avoid conflicts of interest and disclose any potential or perceived conflicts immediately.
- Maintain confidentiality on sensitive matters and proprietary information.
- Uphold the highest standards of integrity, transparency, and accountability.
- Represent the organization professionally in all external engagements.
- Refrain from using their position for personal gain or advantage.
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## 13. Review and Amendment

- This Terms of Reference shall be reviewed 2 (two) years or as deemed necessary by the Board.
- Any amendments must be approved by a majority of the Board members present at a duly constituted meeting.