
 Ceylon Hotels Corporation PLC	<b>CEYLON HOTELS CORPORATION PLC - POLICY DOCUMENT</b>	
	<b>POLICY ON MATTERS RELATING TO BOARD OF DIRECTORS</b>	
	Effective from 30.09.2024	<b>Document No:</b> PO/2024/001/VERSION 1
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<b>Scope</b>	<p>The Board of Directors of Ceylon Hotels Corporation PLC (referred to as ‘The Company’ or ‘CHC’) acknowledges the critical role that good governance and corporate social responsibility (CSR) play in fostering trust among shareholders and stakeholders alike. The Company is committed to upholding the principles of sound corporate governance, recognizing their integral importance to our long-term success.</p> <p>In line with these values, the Board will operate with the highest level of integrity, fully complying with all relevant laws and regulations. By integrating ethical practices into our corporate framework, we seek to improve transparency, accountability, and engagement with our stakeholders, thus reaffirming our dedication to responsible business practices.</p> <p>This policy on Matters Relating to Board of Directors (‘the Policy’) is formulated in compliance with Rule 9.2.1 (a) and 9.5 of the listing rules of the Colombo Stock Exchange (‘CSE’), which require the establishment and ongoing maintenance of a formal policy governing matters pertaining to the Board of Directors. By adhering to these regulations, we aim to ensure robust governance practices and uphold the highest standards of accountability and transparency.</p>	
<b>Policy measures</b>	Commitment to 100% adherence	
<b>Definitions</b>	The Company	Ceylon Hotels Corporation PLC
	Policy	Policy on matters relating to Board of Directors
	Board	The Board of Directors of Ceylon Hotels Corporation PLC
	NGC	Nominations and Governance Committee
	Corporate website	<a href="http://www.chcplc.com">www.chcplc.com</a>
	CSE	Colombo Stock Exchange
<b>Responsibility</b>	This policy is subject to regular review by the Board of Directors (‘Board’) to ensure its efficacy and reflect current business practices.	
<b>Balance of representation between Executive And Non- Executive Directors</b>		
1.1	The Board shall ensure a well-calibrated balance in the composition of Executive Directors, Non-Executive Directors, and Independent Non-Executive Directors, fostering a diverse range of perspectives and expertise to enhance decision-making and governance.	
1.2	In fulfilling their responsibilities, each Director is required to exercise due care and diligence, act in good faith, and prioritize the best interests of CHC. Directors must not misuse their positions or exploit confidential information pertaining to the Company. Furthermore, they must dedicate the necessary time and effort to effectively carry out their roles and responsibilities as members of the Board.	
<b>Board Composition</b>		
2.1	The composition of the Board shall comprise no fewer than three Directors and no more than twelve, in accordance with the Company's Articles of Association. Directors are appointed based on recommendations from the Nominations and Governance Committee (‘NGC’), ensuring a rigorous selection process that aligns with the Company's strategic objectives.	
2.2	The NGC establishes and maintains a set of criteria for the selection of Directors, including academic and professional qualifications, skills, experience, and key attributes required for	

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Shalike Karunasena	Director / Group CFO	Board of Directors

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	<p>eligibility. This process takes into consideration the nature of the Company's business and industry-specific requirements. Additionally, the NGC implements a suitable process for the periodic evaluation of the performance of both the Board of Directors and the CEO, ensuring that their responsibilities are satisfactorily discharged.</p>
2.3	<p>The Board of CHC will encompass the following categories of Directors.</p> <ul style="list-style-type: none"> <li>▪ Chairman</li> <li>▪ Senior Independent Director if Chairman is an Executive or if both the Chairman and the CEO are related parties.</li> <li>▪ Executive Directors.</li> <li>▪ Non-Executive Directors. <ul style="list-style-type: none"> <li>❖ Independent - Non-Executive Directors</li> <li>❖ Non-Independent -Non-Executive Directors</li> </ul> </li> </ul>
<b>Chairman</b>	
3.1	<p>The position of Chairman of the Board may be held by either an Executive or a Non-Executive Director, depending on the Company's needs. If the Chair is an Executive Director, the Board of CHC will adhere to the stipulations of the Corporate Governance Code of the Colombo Stock Exchange by appointing a Senior Independent Director to ensure robust governance and independent oversight.</p>
3.2	<p>The Chairman will preside over the meetings of the Board of Directors, providing strategic leadership and overall guidance while fostering an environment conducive to collaboration and informed decision-making among Board members.</p>
3.3	<p>The responsibilities of the Chairman of CHC will encompass the following key roles:</p> <ul style="list-style-type: none"> <li>▪ <b>Lead the Board</b> to enhance its effectiveness across all dimensions of its responsibilities.</li> <li>▪ <b>Set the agenda</b> for meetings, ensuring that sufficient time is allocated for thorough discussion of all items, particularly those of strategic importance.</li> <li>▪ <b>Foster a culture</b> of openness and constructive debate within the Board, encouraging diverse perspectives.</li> <li>▪ <b>Ensure the Board of Directors</b> at CHC fulfills its responsibilities by establishing clear procedures for resource allocation, internal communication, and the structuring of committees and their compositions.</li> <li>▪ <b>Chair all Board meetings</b>, including the Annual General Meetings, to ensure productive and organized discussions.</li> <li>▪ <b>Oversee the implementation of an effective corporate governance structure</b> by providing strong leadership and guiding all aspects of the Board's direction and administration.</li> <li>▪ <b>Enhance the effectiveness of Independent Directors</b> by safeguarding their independence and expanding their scope of involvement, encouraging them to actively participate in meetings and raise any concerns.</li> <li>▪ <b>Facilitate seamless communication</b> between management and directors to ensure alignment on key issues.</li> <li>▪ <b>Cultivate and maintain strong relationships</b> with external stakeholders, promoting effective collaboration and dialogue.</li> <li>▪ <b>Advocate for high standards of corporate governance</b>, reinforcing the commitment to ethical practices and accountability throughout the organization.</li> </ul>

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<b>Senior Independent Director</b>	
4.1	The Senior Independent Director (“SID”) will play a crucial role by offering an independent perspective on Board matters while supporting the Chairman in fostering effective governance.
4.2	The SID will lead the Board evaluation process, which includes assessing the performance of the Chairman based on recommendations from the Nominations Committee. This role also involves overseeing the development of the Board and its Committees, providing leadership as necessary.
4.3	In addition, the SID will serve as a key point of contact for shareholders who have concerns that cannot be addressed through conventional channels, ensuring a comprehensive understanding of shareholder issues and perspectives. Furthermore, the SID will act as the liaison between regulators and the Board, facilitating communication and collaboration as needed.
4.4	<p>The following meetings are required in line with the regulatory requirements and entitled to cast votes.</p> <p>a) One (1) meeting with Independent Directors</p> <ul style="list-style-type: none"> <li>▪ Independent Directors shall meet at least once a year, or as deemed necessary, at a meeting chaired by the Senior Independent Director (SID) to discuss matters and concerns related to the entity and the operation of the board.</li> <li>▪ Feedback and recommendations from these meetings shall be provided to the Chairperson and other board members.</li> </ul> <p>b) One (1) meeting with Non-Executive Directors to evaluate the Chairman's contributions.</p> <p>The SID shall chair a meeting of the Non-Executive Directors, without the Chairperson present, at least annually to appraise the Chairperson’s performance and at such other times as deemed appropriate.</p>
<b>Appraisal of Board’s Performance</b>	
5.1	CHC is firmly committed to the principle that Board performance is ultimately reflected in the overall success of the Group.
5.2	To ensure accountability and continuous improvement, there will be a formal annual assessment of the effectiveness of the Board as a whole, as well as its Committees, alongside an evaluation of the contributions made by the Chairman and each Director to the Board’s effectiveness.
5.3	This assessment will focus on the Board's ability to support, lead, and communicate with Management, its execution of key functions, individual Directors' participation and attendance at meetings, the quality and significance of their contributions, and their adherence to high standards of conduct.
5.4	The NGC develops and implements a process along with objective performance criteria for evaluating the effectiveness of the Board as a whole and for assessing the contributions of each individual Director. This assessment process is required to be disclosed in the Annual Report. Based on the results of the performance evaluation, the NGC assists the Chairman of the Board with re-nominations and, when appropriate, in seeking the resignation of Directors. Furthermore, it ensures that all Directors submit themselves for re-nomination and re-election at regular intervals, at least once every three years.

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<b>Frequency of Board Meetings, Right to Participate and Quorum</b>	
5.1	The Board of Directors will convene at least four times annually, with the flexibility to schedule additional meetings as circumstances dictate. In accordance with the Articles of Association, a quorum shall consist of the appointed members, who may meet in person or via conference call or video conference.
5.2	Attendance at Board meetings is restricted to Directors; however, other individuals—including members of the management team and external advisors—may be invited to attend all or part of any meeting when deemed appropriate.
5.3	All Directors, including Executive Directors, have the right to voice their opinions during meetings and are expected to apply independent judgment in the decision-making process.
5.4	To facilitate effective discussions, Board meeting materials will be distributed to Directors in advance, allowing adequate time for review and preparation prior to each meeting.
5.5	At least once a year, the Directors will undertake the following: <ul style="list-style-type: none"> <li>a) Conduct a comprehensive review of this Charter, approving any necessary amendments to ensure compliance with the principles established by the Colombo Stock Exchange, while also aligning it with the Board's objectives and responsibilities.</li> <li>b) Evaluate the Board's performance over the preceding twelve months to identify strengths and areas for improvement.</li> </ul>
5.6	Furthermore, Non-Executive Directors are encouraged to convene annually without Management present, fostering an environment for candid discussion. Following these meetings, they are expected to provide constructive feedback to the Chairman, contributing to the ongoing enhancement of the Board's effectiveness.
<b>Requirement on Trading in Securities</b>	
6.1	Directors are required to promptly notify the Company Secretary upon any trading activity involving the Company's shares. Furthermore, in accordance with Rule 8.6 of the listing rules outlined below, Directors are prohibited from trading in the Company's shares within the designated timeframe to ensure compliance with regulatory requirements and uphold the integrity of the market. <p style="margin-left: 40px;"><b>8.6 TRADING BY CONNECTED PARTIES</b></p> <p style="margin-left: 40px;">Connected persons should not trade on the basis of price sensitive information that has not been disclosed to the public. Moreover, connected persons shall not trade in the Securities of the Listed Entity even after release of the information to the Exchange for a period, which should not be less than two (02) Market Days after the release of the information to permit thorough public dissemination and evaluation thereof. In computing this period of two (02) Market Days, the day on which disclosure is made will be excluded.</p>

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	<p>For the purposes of this Rule, an individual is connected with an Entity if, and only if:-</p> <p>a. he is a director of that Entity or a related Entity or his spouse and children under 18 years of age;</p> <p style="text-align: center;">or</p> <p>b. he occupies a position as an officer (other than director) or employee of that Entity or a related Entity or a position involving a professional business relationship between himself (or his employer or an Entity of which he is a director) and the first Entity or a related Entity which in either case may reasonably be expected to give him access to information which, in relation to Listed Securities of either Entity, is unpublished price sensitive information and which it would be reasonable to expect (a person in his position not to disclose except) for the proper performance of his function.</p>
<b>Maximum Number of Directorships in Listed Entities</b>	
7.1	The number of directorships that a person shall not hold office as a Director will be determined in accordance with applicable regulations. This limitation may be required to ensure that individuals appointed as Directors can dedicate adequate time and attention to each company.
<b>Compliance with Listing Rules</b>	
8.1	Incoming Directors will undergo a comprehensive and tailored induction program upon joining the Board. The Company will provide specialized training for first-time Directors in key areas, including accounting, legal principles, and industry-specific knowledge.
8.2	This approach will ensure that Directors are well-acquainted with listing rules, ongoing compliance requirements, and the implications of non-compliance, as well as the obligations that arise from these regulations. By equipping them with this knowledge, the Company aims to enhance the effectiveness and governance capabilities of its Board.
<b>Confirmation of Compliance</b>	
9.1	The Company will affirm its adherence to the policy in the Annual Report, providing detailed explanations for any instances of non-compliance, along with the underlying reasons and proposed remedial actions. This commitment to transparency ensures that stakeholders are well-informed about the Company's governance practices and its efforts to address any shortcomings.
<b>Publication of the policy</b>	
10.1	The policy is made available in the Company's corporate website for the perusal of its stakeholders. Any clarifications regarding the policy should be directed to the Group Chief Financial Officer.
<b>Policy Output</b>	Regular Monitoring Mechanisms for the Framework
<b>Policy Records</b>	Policy on matters relating to Board of Directors

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