

1. Purpose

The purpose of this policy is to provide a clear framework for the composition, roles, responsibilities and functioning of the Board of Directors of Ceylon Hospitals PLC. This policy aims to ensure effective governance, transparency and accountability in guiding the organisation towards its mission and objectives.

2. Composition of the Board

- *Number of Board Members:*

The Directors of Ceylon Hospitals PLC shall not be less than five or more than eleven in number.

- *Minimum Number of Independent Directors:*

The Board of Directors of Ceylon Hospitals PLC shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of Ceylon Hospitals PLC at any given time, whichever is higher.

- *Selection Criteria: Fit and Proper criteria*

a) **Honesty, Integrity and Reputation**

A Director of Ceylon Hospitals PLC shall not be considered 'fit and proper' if:

- (i) been convicted by a competent court of law in respect of a market offence for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka.
- (ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been cancelled by the SEC or any other regulatory authority.
- (iii) been convicted, within or outside Sri Lanka of an offence under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.
- (iv) been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.
- (v) been disqualified from acting as a Director of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offence which involves the commission of financial fraud.
- (vi) been disqualified from acting as a CEO/Key Management Person/Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.
- (vii) been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of the Listing Rules.

b) **Competence and Capability**

A Director of Ceylon Hospitals PLC shall not be considered as 'fit and proper' if;

- (i) not possessing suitable academic or professional qualifications or necessary skills, competencies and determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of the Listing Rules stipulated by CSE which are required to efficiently contribute to experience

which are de the business operations of the Entity in his/her capacity as a Director/CEO (as applicable).

- (ii) been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.

c) Financial Soundness

A Director of Ceylon Hospitals PLC shall not be considered as a 'fit and proper person' by the Exchange, if she or he;

- (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka.
- (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka.
- (iii) has been in a position capable of exercising significant influence in a company that has:
 - (a) been declared bankrupt within or outside of Sri Lanka; or
 - (b) its assets sequestrated for the non-satisfaction of a judgment debt.

3. Appointment of Directors

The potential candidates for the Board Positions of Ceylon Hospitals PLC shall be evaluated by the Nomination committee of the Board and recommended to the Board.

4. Term Limits

The Directors of Ceylon Hospitals PLC to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

An Independent Director of Ceylon Hospitals PLC, shall serve a maximum term of Nine years.

5. Roles and Responsibilities

- Ensuring the formulation and implementation of a sound business strategy.
- Appointing the Chair and the Senior Independent Director if relevant.
- Ensuring that the CEO and management team possess the skills, experience and knowledge to implement the strategy.
- Ensuring the adoption of an effective CEO and key management personnel succession strategy.
- Approving budgets and major capital expenditure.
- Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation.
- Ensuring effective systems to secure the integrity of information, internal controls, cyber security, business continuity and risk management.
- Ensuring the availability of an Information Communication Technology (ICT) roadmap in line with the business strategy of the company, and monitor the progress of implementation through the ICT dashboard.

- Ensuring compliance with laws, regulations and ethical standards.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Recognising sustainable business development and ESG risk and opportunities in corporate strategy, decisions and activities and considering the need for adopting “integrated reporting”.
- Ensuring that the company’s values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Establishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.
- Ensuring that a process is established for corporate reporting on an annual and quarterly basis or more regularly as relevant to the company.
- Fulfilling such other board functions as are vital, given the scale, nature, and complexity of the business concerned.

6. Meetings

The Board Meetings of Ceylon Hospitals PLC will be held on a quarterly basis and the date of the next meeting will be agreed at the end of each Board Meeting. The indicative Board Meeting dates will be circulated for the financial year at the beginning of the financial year.

Quorum for the meeting will be three directors.

Whilst the general format of the Board meeting is to hold it physically a director may request to join the meeting virtually using a suitable online platform.

7. Committees

This will be covered under the **Policy on Board Committees**.

8. Conflicts of Interest and Independence

The Board of Ceylon Hospitals PLC should make a declaration annually, unless a change has arisen subsequently, as to the independence or non-independence of each non-executive director based on such a declaration made of decided criteria (Schedule C of Code of Best Practice on Corporate Governance 2023 of Institute of Chartered Accountants of Sri Lanka) and other information available to the Board.

9. Code of Conduct and Ethics

This will be covered under the **Code of Business Conduct and Ethics of the Company**

10. Decision making and Resolutions in writing:

A resolution in writing signed by all Directors of Ceylon Hospitals PLC for the time being in Sri Lanka provided such number of Directors in Sri Lanka shall constitute a valid quorum of Directors (as hereinbefore set out) shall be as effective as a Resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors.

11. Amendments to the Policy

Amendments to this policy needs to be presented and approved by the Board of Ceylon Hospitals PLC.