

Policy on Corporate Governance, Nominations and Re-Elections for Ceylon Hospitals PLC

1. Purpose

The purpose of this policy is to establish and maintain a framework for effective corporate governance, transparent nomination processes and thoughtful reelection strategies within Ceylon Hospitals PLC. By adhering to this policy, Ceylon Hospitals PLC seeks to uphold ethical standards, promote accountability and ensure the ongoing success and sustainability of its mission.

2. Corporate Governance Framework

Ceylon Hospitals PLC has a structured corporate governance framework which serves to maintain and enhance sustainable shareholder value. In addition to compliance with mandatory requirements, the company follows its own internal benchmarks and processes in order to meet best practices in governance.

3. Corporate Governance Regulatory Benchmarks

- I. The companies Act No.07 of 2007 and regulations.
- II. Listing rules of the Colombo Stock Exchange.
- III. Securities and Exchange Commission of Sri Lanka.
- IV. Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka.
- V. Code of Best Practice on Corporate Governance 2023 jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka.

4. Division of Responsibilities

Board Responsibilities

The Board of Directors is responsible for providing strategic guidance, setting Ceylon Hospitals PLC's organisation goals, overseeing financial management and ensuring legal and regulatory compliance. The Board must act in the best interests of the organisation and its stakeholders.

Further, the Board is responsible for establishing of four formal Sub Committees. The Committees focus on their own areas of expertise, enabling the Board meetings to focus on strategy, performance, leadership and people, governance and risk and stakeholder engagement, thereby making the best use of the Board's time together as a whole.

- **Nomination Committee**
Responsible for the appointment of new Directors, Board experience and diversity; and reviews Board induction and succession plans as well as wider workforce engagement.
- **Audit Committee**
Appraises our financial management and reporting and assesses the integrity of our accounting procedures and financial controls. The Committee also oversees risk, compliance and internal audit.
- **Remuneration Committee**
Determines the remuneration and benefits of the Executive Directors and oversees remuneration arrangements for the Key Management team such as CEOs and General Managers.

5. Code of Conduct

The code of conduct outlines the expected behaviour of board members, including honesty, integrity, confidentiality and fiduciary responsibility. It serves as a guide for ethical decision-making and fosters a culture of trust and accountability.

6. Conflict of Interest

Procedures for identifying and managing conflicts of interest are established to ensure that board members act impartially in their roles. Board members are required to disclose any potential conflicts and recuse themselves from related decision-making processes.

7. Nominations

Nominating Committee:

The Nominating and Governance Committee is responsible for assessing the composition of the board, identifying potential candidates and recommending individuals for nomination for the Board as well as Key Managerial Positions such as CEO, Director Medical Services and General Managers. The committee ensures that the board reflects a diverse range of skills, experiences and backgrounds. In the absence of a nomination committee, the Board will act as the Nomination Committee.

8. Criteria for Nomination

Nominees for board positions must possess the qualifications, skills and expertise necessary to contribute effectively to Ceylon Hospitals PLC's mission and strategic objectives. The criteria may include industry knowledge, leadership experience and a commitment to diversity and inclusion.

9. Diversity and Inclusion

Ceylon Hospitals PLC is committed to promoting diversity and inclusion. Ceylon Hospitals PLC actively seeks candidates from diverse backgrounds to enrich the perspectives and decision-making processes of the board.

10. Election Procedures

- **Annual Elections**

Board elections are held annually and the process is outlined in Ceylon Hospitals PLC's Articles of Association. Timelines, nomination period and voting procedures are communicated to all stakeholders.

- **Proxy Voting**

Proxy Voting is allowed to facilitate broader participation in the election process. Guidelines are established to ensure the integrity and transparency of proxy voting procedures.

- **Communication**

Communication with Shareholders:

Clear communication channels are established to keep shareholders informed about the appointment and reelection processes. This may include shareholder meetings, and other communication platforms.

11. Amendments to the Policy

Review Process:

The policy undergoes periodic reviews to assess its effectiveness and relevance. Any proposed amendments are subject to a review process involving the Board of Directors and changes are made in accordance with Ceylon Hospitals PLC's Articles of Association.