Policy on Corporate Governance, Nominations and Re-election

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SIGIRIYA VILLAGE HOTELS PLC

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SIGIRIYA VILLAGE HOTELS PLC: Policy on Corporate Governance, Nominations and Re-election

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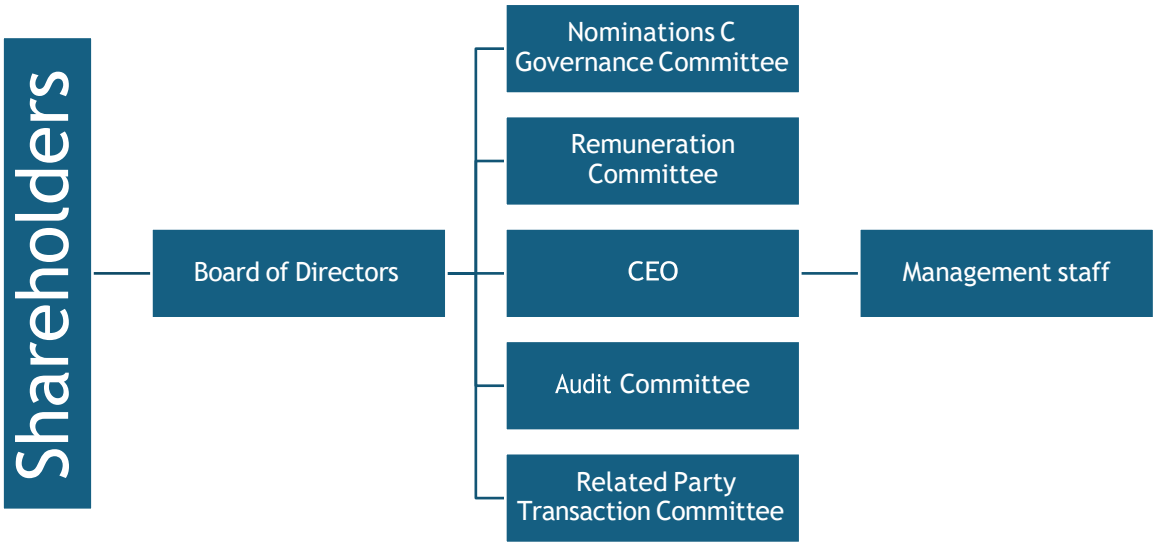
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1 Introduction

This Corporate Governance, Nominations, and Re-election Policy of SIGIRIYA VILLAGE HOTELS PLC ("SIGIRIYA") outlines the principles and procedures governing the nomination and re-election of directors and board members in accordance with best practices and applicable laws and regulations.

Corporate Governance is the system by which companies are directed and controlled. The Board of Directors shall be responsible for the governance of the Company.

2 Governance Structure



A. Corporate governance provides the structure for defining, implementing, and monitoring a company's goals and objectives

B. It specifies the distribution of rights and responsibilities among the company's stakeholders ie. Shareholders, Directors, and the Managers.

C. Foundation of trust among the shareholders, directors and managers is based on

   a) Transparency; all material decisions taken must be clarified to the shareholders.

   b) Accountability: Directors shall be held accountable for their decisions and actions.

   c) Fairness: Majority and the minority shareholders should receive equal treatment from the directors and management.

   d) Directors shall carry out their duties with honesty, probity, and integrity.

3 Nominations

D. The Nominations and Governance Committee shall establish and maintain a formal procedure for the appointment of new Directors and re-election and reappointment of Directors to the Board. The committee shall be responsible for:

a) The evaluation and appointment of Directors to the Board of Directors and Board Committees of the Company. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

b) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;

(i) the combined knowledge, experience, performance, and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities; and,

(ii) the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.

c) Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.

d) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience, and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific requirements.

e) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged.

f) Develop succession plan for Board of Directors and Key Management Personnel of the Company.

g) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.

h) Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.

i) Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

j) Receive reports from the Management on compliance with the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the CSE (Colombo Stock Exchange) and other applicable laws, together with any deviations/non-compliances and the rational for same.

4 Appointments, Re-election, Resignation s Retirement

A. The Board will recommend nominees for appointment through a formal process with the assistance of the Nominations C Governance Committee.

B. The names of directors submitted for election or re-election or reappointment at a General Meeting should be accompanied by a resume minimally to enable shareholders to make an informed decision on their election, re-election or reappointment .

C. When recommending a member of the board for reappointment or re-election, the board must carefully consider his or her past performance on the board.

D. All Directors appointed will be issued a Letter of Appointment.

E. The directors are required to submit themselves for re-election at least once in every three years, however subject to the provisions stipulated in the Articles of Association of the Company.

F. In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the Board of his reasons for resignation.

G. In the event of a casual vacancy occurring during the year, the Board may appoint a director recommended by the Nominations C Governance Committee.

5 Role of the Chairperson

A. The Chairperson is responsible for conducting the business of the Board and maintaining high standards of corporate governance.

B. The Chairperson of SIGIRIYA shall be an Independent, Non-Executive Director.

C. As the person responsible for running the Board, the chairman should preserve order and facilitate the effective discharge of Board functions.

D. The chairman should ensure all directors are properly briefed on issues arising at Board meetings.

E. The chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that:

a) the agenda for Board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance,

b) sufficiently detailed information of matters included in the agenda is provided to directors in a timely manner,

c) all directors are made aware of their duties and responsibilities and the Board and committee structures through which it will operate in discharging its responsibilities,

d) the effective participation of both executive and non-executive directors is secured; all directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the company,

e) all directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda,

f) a balance of power between executive and non- executive directors is maintained,

g) the views of directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes, and

h) the Board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders.

F. The Chairman is also responsible for the following:

i) Ensuring the board satisfies its duties;

j) Determining the agenda of board meetings, chairing such meetings, and ensuring that minutes are kept of such meetings;

k) Consulting with external advisors appointed by the board;

l) Addressing problems related to the performance of individual board members; and,

m) Addressing internal disputes and conflicts of interest concerning individual board members and the possible resignation of such members as a result.

G. The chairman should hold meetings with the non- executive directors only, without the executive directors being present, as necessary, and at least once each year.

6 Role of the Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the management of the company's business. He/She will be responsible for the following:

a) setting the long-term vision and strategy for the Company and ensuring that all departments align with these goals

b) safeguarding resources of the Company and ensuring optimal resource allocation in line with company policies

c) Acting as the main point of communication between the Board of Directors and the Company's operations, promptly escalating matters of importance to the sustainable growth of the business.

d) Building, leading and maintaining a strong leadership team and executive team

e) Representing the Company in media and public engagements as the public face of the Company, maintaining high standards of conduct

f) Overseeing the overall operations of the Company, ensuring that business goals are met

7 The Company Secretary

A. The Company Secretary shall ensure that the Board follows correct procedures and that the Board complies with its obligations under the laws and regulations and SIGIRIYA's Articles of Association.

B. The Company Secretary is the Secretary to the Board and will assist the Chairman of the Board in organising the Board's activities.

C. All board members may go to the company secretary for advice or to use his or her services.

D. The removal and appointment of the Company Secretary will be a matter for the Board as a whole.

8 Approval, Revision s Dissemination of the Policy

A. The policy should be revised as deemed necessary, particularly in the event of changes in law and authoritative sources of best practice in corporate governance. However, it must be reviewed and revised at least every two years to ensure that it is updated to reflect developments in relation to the subject.

B. The Nominations and Governance Committee has reviewed and recommended the Policy which has been approved by the Board.

C. The policy is uploaded on the website of the Company in accordance with the CSE Listing Rules.