

GALADARI HOTELS (LANKA) PLC

Policy Framework

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DEFINITIONS

In this Policy Framework, the following terms/abbreviations are used which bear the meanings corresponding such term/abbreviation.

“AC”	Audit Committee
“AGM”	Annual General Meeting
“Alternate Directors”	Persons who are appointed in terms of Article 106 of the AOA to act as a director on behalf of a Director of the Company where such principal Director would for whatever reason be unable to attend to his/her duties/functions as a Director of the Company for a certain period of time and/or until the happening of a certain event.
“AOA”	Articles of Association
“Annual Report”	The report prepared by the Board annually in terms of Section 166 of the Companies Act and Rule 7.6 of the Listing Rules (as may be amended from time to time)
“Anti-Corruption Act”	Has the meaning defined in Section 12.2 of this Policy Framework
“Applicable Law”	All laws and regulations of Sri Lanka including the Listing Rules and any other regulations, rules and guidelines issued from time to time by the CSE and SEC
“Board of Directors”, “Board” or “Director(s)”	The Directors of the Company duly appointed in terms of the AOA and whose names are duly recorded at the Department of the Registrar of Companies as Directors of the Board, and who shall act collectively at meetings of Directors properly convened and constituted and in conformity with the AOA (including where the context so requires or admits, Alternate Directors).
“Board Committees” or “Committees”	The committees established by the Board as per the CSE Listing Rules including: <ul style="list-style-type: none"> • NGC • Remuneration Committee • RPTR Committee
“Bribery”	Has the meaning defined in Section 12.2 of this Policy Framework
“CDS”	Central Depository System
“Close Family Members”	mean and include the spouse and a child below eighteen (18) years and any of the following persons provided that they are financially dependent on and/or Acting in Concert with the person under reference: <ol style="list-style-type: none"> a) child above 18 years; b) grandparents; c) parents; d) brothers; e) sisters; f) grandchildren; and g) spouse of the persons referred to above
“Code”	Code of Best Practice on Corporate Governance 2023 (as may be amended from time to time)

“Code of Business Conduct”	Policy on Internal Code of Business Conduct and Ethics for all Directors and employees including policies on trading in the company’s listed securities set out in Section 5 of this Policy Framework
“Company”	Galadari Hotels (Lanka) PLC a company incorporated in Sri Lanka and listed on the CSE bearing company registration No. PQ 137
“Companies Act”	Companies Act No.7 of 2007 (as amended)
“Company Secretary”	A qualified and registered company secretary duly appointed by the Board to function as the Company Secretary of the Company and who is recorded as such in the Company’s records at the ROC
“Corruption”	Has the meaning defined in Section 12.2 of this Policy Framework
“Covered Person”	Has the meaning given in Section 4.1 and 5.2 respectively of this Policy Framework
“Criteria for Independence”	The criteria stipulated in Rule 9.8.3 of the Listing Rules (as may be amended from time to time) to determine the independence of Independent Directors
“CSE” or “Market”	Colombo Stock Exchange
“Employee”	Any individual who holds a permanent or contract position within the Company
“ESG”	Environmental, Social and Governance
“Fit and Proper Assessment Criteria”	The criteria to be met by each Director and the General Manager of a Listed Entity in terms of Rule 9.7.3 of the Listing Rules (as may be amended from time to time)
“Hotel”	Hotels owned by the Company presently and/or in future
“Independent Directors”	Directors meeting the Criteria for Independence as appointed by the Company in terms of Rule 9.8.2 of the Listing Rules (as may be amended from time to time)
“Key Management Personnel” or “Senior Management”	Senior Management of the Company and shall include the General Manager and Financial Controller
“Listing Rules”	The Rules of the CSE including amendments issued from time to time
“NGC”	Nominations and Governance Committee
“Policy”	Each policy listed in Paragraph 1 of the Preamble to this Policy Framework in the context in which it is read.
“Policy Framework”	This Policy Framework encompasses all the policies of the Company as morefully listed in Paragraph 1 of the Preamble, which has been prepared and adopted by the Company from time to time in terms of the Listing Rules, including all annexures and schedules together with all modifications, amendments and re-statements expressly made.
“Quarterly Report”	Report prepared by the Key Management Personnel and the respective Board Committees to be presented to the Board at the end of each financial year quarter covering the information set out in A.1.1 of the Code
“RC”	Remuneration Committee

“Related Party Transactions” or “RPT”	“transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged” as interpreted in the Listing Rules (i.e: the definition under Sri Lanka Accounting Standard – LKAS 24
“Relevant Persons”	Has the meaning defined in Section 12.2 of this Policy Framework
“Reportable Conduct”	Has the meaning defined in Section 11.2 of this Policy Framework
“RM & IC”	Risk Management and Internal Control
“ROC”	Department of the Registrar of Companies
“RPTRC”	Related Party Transactions Review Committee
“SEC”	Securities and Exchange Commission of Sri Lanka
“SEC Act”	Securities and Exchange Commission of Sri Lanka No.19 of 2021 (as amended)
“TOR”	Terms of Reference of the Board Committee(s)
“Whistleblower”	Has the meaning defined in Section 11.2 of this Policy Framework
“Whistleblower Protection Officer”	Has the meaning defined in Section 11.2 of this Policy Framework

Capitalised terms used and not defined in this Policy Framework shall bear the meanings/definitions as per the Listing Rules.

PREAMBLE

1. Galadari Hotels (Lanka) PLC (“**the Company**”), incorporated in Sri Lanka on 19th November 1980 bearing company registration No. PQ 137 is a public quoted company listed on the Colombo Stock Exchange (“**CSE**”) since 17th April 2008.
2. Pursuant to the new Corporate Governance Rules issued by the CSE under Rule 9.2 of the Listing Rules, the Company has established this Policy Framework comprising of the following Policies (as may be revised from time to time):
 - Section 1 - Policy on the matters relating to the Board of Directors
 - Section 2 - Policy on Board Committees
 - Section 3 - Policy on Corporate Governance, Nomination and Re-election
 - Section 4 - Policy on Remuneration
 - Section 5 - Policy on Internal code of business conduct and ethics for all directors and employees including policies on trading in the Company’s listed securities
 - Section 6 - Policy on Risk Management and Internal Controls
 - Section 7 - Policy on Relations with Shareholders and Investors
 - Section 8 - Policy on Environmental, Social, Governance Sustainability
 - Section 9 - Policy on Control and Management of Company Assets and Shareholder Investments
 - Section 10 - Policy on Corporate Disclosures
 - Section 11 - Policy on Whistleblowing
 - Section 12 - Policy on Anti-Bribery and Corruption

3. The Company is dedicated to upholding the highest standards of corporate governance by promoting and implementing transparent and effective policies. This Policy Framework has been designed to include an adaptive business strategy and risk management, accountability, stakeholder inclusivity, economic sustainability, and environmental responsibility, all towards ensuring the long-term success and sustainability of the Company.
4. The Policies can also be viewed on our [website](#).
5. This Policy Framework acts as a guide to the Company, the Board, Committees and Senior Management in the conduct of their responsibilities and duties for the effective governance and management of the Company with the highest standards.
6. It shall also serve as the primary reference document for our stakeholders to understand how the Company is governed and provides the assurance that it observes and accepts to be bound by principles and practices of good corporate governance in line with the Applicable Law in carrying out its operations
7. This Policy Framework complements the Company's AOA, Listing Rules and the Code and should be read in conjunction with the said documents which provides more details on governance matters.
8. This Policy Framework was first approved by the Board of Directors of the Company on 30th September 2024 and its provisions remain effective until duly amended or revised by the Board. The Policy Framework shall be reviewed regularly by the Nominations and Governance Committee ("**NGC**") and/or any other Board Committee assigned to the subject of the Policy to ensure that each Policy remains relevant and aligned with the Applicable Law and any revisions will be recommended to the Board for approval and adoption.

SECTION 1 - POLICY ON THE MATTERS RELATING TO THE BOARD OF DIRECTORS

1.1 Objectives of the Policy

This Policy outlines key matters of corporate governance relating to the Board of Directors and Key Management Personnel of the Company in terms of the Listing Rules.

1.2 Appointment, Re-election and Retirement of Directors

- The appointment/reappointment and retirement of Directors will be carried out in accordance with the provisions of the Company's Articles of Association ("**AOA**") and the Listing Rules.
- An Alternate Director will only be appointed in exceptional circumstances subject to the terms of the Listing Rules and AOA. Key considerations when appointing an Alternate Director include:
 - a. maximum period of appointment shall be 1 year
 - b. An Alternate Director for a non-executive director should not be an executive of the Company
 - c. Alternate Directors for "independent directors" must meet the Criteria for Independence under the Listing Rules
 - d. Making immediate market disclosure in terms of the Listing Rule

1.3 Board Composition

- Minimum and Maximum Directors

The Board will at all times consist of a minimum of five (05) Directors (or such other minimum number as may be prescribed by the Listing Rules from time to time) and a maximum of ten (10) so as to ensure effective decision-making, strong accountability and engagement.

- Board Balance

- (i) Independent Directors:

The Board will include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors at any given time, whichever is higher or such minimum number of Independent Directors as may be prescribed by the Listing Rules from time to time. Changes to this ratio must be promptly rectified no later than ninety (90) days from the change occurring.

The independence of these Directors will be strictly monitored by the NGC against the Criteria of Independence as set out in the Listing Rules and an annual determination of the independence is carried out by the Company based on the findings of the NGC and declarations submitted by such Independent Directors in terms of the Listing Rules.

- (ii) Executive Directors

To the extent possible the Board will comprise a mix of Executive and Non-Executive Directors to foster balanced decision making, industry perspective, effective oversight, accountability

for management action and strategic guidance. No more than 1/3rd of the Board will at any given time comprise of Executive Directors.

(iii) Diversity

With a view to bring in diverse competencies and viewpoints and have a broader view of risk management, to the extent possible, the Company is committed to ensuring diversity in its Board composition, in terms of range of experience, skills, competencies, age, gender, and industry expertise.

1.4 Meetings, Attendance and participation

- The Board of Directors of the Company will meet at least once a calendar quarter
- Each Director must attend at least three (03) scheduled Board meetings annually, which must constitute a minimum of 75% of the total scheduled Board meetings for the year.
- If a Director is absent from three (03) consecutive Board meetings without notification or reason, the Board is entitled to resolve that his/her office be vacated. Exceptions to this requirement may be considered in extraordinary circumstances, subject to Board approval.
- Directors may participate in meetings via audio-visual means in terms of the AOA, and such participation will count toward the quorum and overall attendance.
- Attendance and participation by an Alternate Director will also be counted towards the quorum and the Director's overall attendance.

1.5 Directors' awareness of Listing Rules and other Compliance requirements

- Quarterly update will be given by the NGC to existing Directors on any amendments to Corporate Governance matters, Listing Rules, securities market regulation and other Applicable Laws.
- NGC will *inter alia* contribute the following information to the Quarterly Report:
 - on-going compliance with laws and regulations and any non-compliances,
 - financial and operational decisions taken by the General Manager within his/her delegated authority which had a significant impact on the Company's operations,
 - any other corporate governance and compliance matters the Board should be aware of.
- The information provided to the Board by NGC will be in a form and of a quality appropriate to enable it to discharge its duties.
- Board is granted full access to the advice and services of the Company's lawyers and Company Secretaries.

1.6 Maximum Number of Directorships

A Director of the Company may hold a maximum of five (05) directorships in Listed Entities so as to ensure that they are able to devote adequate time and attention to their responsibilities as a Director of the Company.

1.7 Chairperson

- The Chairperson of the Board will be appointed from amongst the Non-Executive Directors.
- The positions of the Chairperson and General Manager of the Company will be distinct and separate and not held by the same individual unless as specified in the Listing Rules.
- Roles and Functions
 - (i) As the presiding officer of the Board the Chairperson must preserve order and is responsible for running the Board and effective discharge of Board functions.
 - (ii) The Chairperson must conduct board proceedings in a proper manner and ensure, *inter-alia*, that:
 - the agenda for board meetings is developed in consultation with the Key Management Personnel, other Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance,
 - sufficiently detailed information of matters included in the agenda including the Quarterly Report is provided to Board in a timely manner,
 - all Directors are aware of their duties and responsibilities and the Board Committee structures through which it will operate in discharging its responsibilities,
 - the effective participation of and balance of power of all Directors (Executive, Non-Executive, Independent) is secured and that all Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company
 - the views of Board on issues under consideration are ascertained and a record of such deliberations is reflected in the minutes, and
 - the Board is in complete control of the company's affairs and alert as to its obligations to all shareholders and stakeholders.

1.8 General Manager

- Roles and Functions

The General Manager is the highest officer of the Company responsible for managing the day-to-day operations, implementing the Board's strategic vision and ensuring operational effectiveness. This includes but is not limited to the following roles and functions:

 - Leading the executive team, making key decisions related to business operations, management, and resource allocation.
 - Reporting to the Board on the Company's performance, financial status, and substantial operational issues.
 - Managing relationships with key stakeholders, including employees, customers, investors, and partners.
 - Fostering organizational culture and values, ensuring alignment with the strategic goals.

1.9 Appraisal

- (i) Board Performance:
 - The Board will review its' own performance (collectively) as well as the individual performance of the Chairperson of the Board and all Directors annually to assess the effectiveness in discharging responsibilities and adhering to governance standards.

- Evaluations should be carried out in the following manner:

Officer(s) being evaluated	Evaluation to be carried out by
Board and the Chairperson	each Director individually
Non- Executive Directors	The Executive Directors and the Chairperson (individually)
Executive Directors	The Chairperson and Non-Executive Directors (individually)

- The evaluation matrix will be agreed by the Board.
 - The collective outcome of the Board performance will be compiled and made available to the NGC who will consider the results and make recommendation to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge training, governance processes, strategy review and other factors relevant to Boards’ effectiveness.
- (ii) Performance of the General Manager:
- The performance of the General Manager will be appraised annually at the end of each fiscal year by the Board. The evaluation will focus on the achievement of strategic goals and targets, operational effectiveness, and overall leadership performance.
 - At the commencement of every fiscal year, the Board in consultation with the General Manager will set, in line with the short, medium, and long-term objectives of the company, reasonable financial and non-financial targets that should be met by the General Manager during the year.
- (iii) The result of these appraisals of the Board, the Chairperson, and the GM will be made available to the RC to help them determine the remuneration.

1.10 Trading in Securities and Disclosure Requirements

Trading in the Company’s securities and those of other listed entities by Directors must be in strict adherence to the [Company’s Share Trading Policy](#).

1.11 Declarations, Immediate Market Disclosures and Annual Report Disclosures

- The Company is committed to ensuring that its Board and the General Manager at all times satisfy the ‘Fit and Proper Assessment Criteria’ and that the Independent Directors satisfy the ‘Criteria for Independence’ in terms the Listing Rules.
- The Company will under the guidance of the NGC ensure that the necessary declarations by the Board and Key Management Personnel are obtained in a timely manner and requisite disclosures (both to the Market and on the Annual Report) are done as per the requirements laid out in the Listing Rules and the Code.

1.12 Review and Update

This Policy will be periodically reviewed by the NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 2 - POLICY ON BOARD COMMITTEES

2.1 Objectives of the Policy

This Policy on the Board Committees (**"Policy"**) outlines a clear framework/guideline that the various Board Committees are required to follow to ensure enhanced governance and operational integrity. In this regard, the Committee must ensure the operations are carried out effectively, efficiently and ethically in compliance with the Applicable Law. This Policy fosters consistent and transparent procedures and processes adopted including decision making, documenting, reporting and record keeping.

2.2 Applicability

This policy is applicable to all Board Committees currently in existence and as may be formed by the Board from time to time.

2.3 General

- Each Board Committee will have a written Terms of Reference (**"TOR"**) which at a minimum will set out the Committee's scope, authority, duties and matters pertaining to the quorum of meetings of such Committee. A copy of such TOR will be provided to each member of the respective Committee. Any deviation in the process laid out in the TOR will be approved by the Board.
- The composition and scope of the respective Board Committees is as outlined in the Listing Rules and the TORs and is provided below for ease of reference:

Committee	Minimum number	Number of Independent Directors required	Chairperson ¹	Other factors
NGC	3	2	One of the Independent Directors	Cannot comprise of Executive Directors
Remuneration Committee ("RC")		2 or a majority of members whichever is higher	An independent director and a member of a recognized professional accounting body ²	
Audit Committee ("AC")				
Related Party Transactions Review Committee ("RPTRC")		2	One of the Independent Directors	Can include Executive Directors

- Board may if deemed necessary create other Board Committees over and above the minimum Committees prescribed by the CSE and will ensure that a separate TOR is drafted to provide a clear

¹ Chairperson of the Board Committee cannot be the Chairperson of the Board

² In the event the Chairperson of the AC is not a member of a recognized professional accounting body, the Company will obtain the services of a competent independent expert, who is a member of a recognized professional accounting body to advise on matters assigned to the AC and such expert will not be a related party of the Company.

framework for the scope/role, composition, responsibilities, and operations of such Committee and that the relevant Policies are updated.

- All Board Committees will prepare a Report/statement as per the requirements in the Listing Rules to be included in the Annual Report. Further, relevant disclosures will be made by the Board Committees in a timely and effective manner as prescribed by the Listing Rules.
- Minutes of all Board Committee meetings must be properly documented and communicated to the Board of Directors.

2.4 Nominations and Governance Committee (NGC)

- The composition of the NGC is as set out in [Section 2.3](#) above.
- The primary purpose of the NGC is to:
 - (i) manage the selection, appointment, re-election and evaluation of Directors at a Board, Board Committee and Key Management Personnel level including establishing and maintaining formal procedures for each of the said processes; and
 - (ii) periodically review and recommend the overall corporate governance framework for the Company and update the Policy Framework in line with regulatory and legal developments.
- To achieve the aforesaid purpose, the NGC will carry out the key functions (as detailed in the Listing Rules) in a transparent and effective manner strictly following the processes outlined in the TOR of the NGC.
- Key principles relating to nominations and governance:
 - (i) In recommending Board members, NGC will strive to ensure diversity in the range of experience, skills, competencies, age, gender and industry expertise as an essential factor for a holistic and effective Board performance.
 - (ii) At the time of appointment/re-appointment of Directors and at the end of each financial quarter, the NGC will ensure to conduct the 'Fit and Proper Assessments' for all Directors and the General Manager and will also ensure the satisfaction of the 'criteria for independence' by the Independent Directors as per the Listing Rules. In carrying out such assessments, the NGC will adopt a comprehensive assessment matrix approved by the Board and obtain and keep on record all necessary supporting documentation to the assessment including but not limited to proof of academic or professional qualifications.
 - (iii) NGC will ensure that the Policy Framework is reviewed and if needed updated bi-annually in line with regulatory and legal developments.

2.5 Remuneration Committee (RC)

- The composition of the RC is as set out in [Section 2.3](#) above.
- The primary purpose of the RC is to:

- (i) establish and maintain a formal and transparent procedure and policy for remunerating Executive Directors and the General Manager and for fixing remuneration packages of individual Directors; and
 - (ii) develop a policy on Director remuneration for Non-Executive Directors. The Policy on remuneration of Non-Executive Directors must strictly be based on non-discriminatory pay practices so as to ensure independence is not impaired.
- To achieve this purpose, the RC will carry out the key functions (as detailed in the Listing Rules) in a transparent and effective manner strictly following the processes outlined in the TOR of the RC.

2.6 Audit Committee (AC)

- The composition of the AC is as set out in [Section 2.3](#) above.
- The primary purpose of the AC is to provide an objective review and oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance and risk management.
- AC will carry out the key functions - both Audit and Risk - (as detailed in the Listing Rules) in a transparent and effective manner strictly following the processes outlined in the TOR of the Audit Committee.
- To carry out its functions, the Committee relating to Audit and Risk must:
 - (i) be up-to-date on the financial requirements as per the Applicable Law and ensure compliance with the same
 - (ii) obtain from the Key Management Personnel assurances regarding:
 - a. the financial record maintenance
 - b. that the views on the Company's operations and finances presented in the financial statements are true and fair
 - c. the adequacy and effectiveness of the Company's risk management and internal control system
 - (iii) strictly monitor the internal controls and risk management of the Company in line with the Sri Lanka Accounting Standards
 - (iv) provide necessary input to the Quarterly Report relating to both Audit and Risk functions as required in terms of the Code including:
 - financial and operational results on pre agreed key performance indicators,
 - financial performance compared to previous periods, budgets and targets,
 - forecast for the next period,
 - impact of risk factors on financial and operating results and actions to mitigate such risks,
 - internal control breaches or frauds during the period and related actions taken,
 - Cyber security related risks, mitigative measures and a security breach report (if any) during the period, and
 - any other Audit and Risk matters the board should be aware of
 - (v) Make recommendation to the Board on appointment of external auditors

2.7 Related Party Transactions Review Committee (RPTRC)

- The composition of the RPTRC is as set out in [Section 2.3](#) above.
- The primary purpose of the RPTRC is to ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions (RPTs) and prevent the Directors, Key Management Personnel and Substantial Shareholders taking advantage of their positions.
- The RPTRC will carry out all the functions (as detailed in the Listing Rules) in a transparent and effective manner. In order to carry out its objects and functions, the RPTRC must:
 - (i) consider the interest of shareholders as a whole when reviewing RPTs and consider that the economic and commercial substance of the RPT should take precedence over the legal form and technicality
 - (ii) establish and maintain a separate policy, procedure and process for identification, clarification and reporting the RPT on an end-to-end basis which also covers a guideline for recurring RPT.
 - (iii) gain access to the knowledge and expertise of a qualified professional so as to better assess all aspects of RPTs
 - (iv) determine, in terms of the Listing Rules, whether Board and/or Shareholder approval is required for a transaction and if so ensure that it is obtained prior to the Company entering in to such transaction or obtain the approval subject to such transaction.
 - (v) ensure that any Directors who may have a Material Personal Interest in a transaction under consideration is not present during the discussions and does not vote on that matter (except on the invitation of the remaining directors for the sole purpose of providing information on the transaction).
 - (vi) ensure that the Key Management Personnel will provide all facts and circumstances of a proposed RPT to facilitate and enable the RPTRC to consider such a transaction.
 - (vii) annually review and assess ongoing relationships with related parties to determine whether the Company is in compliance with the guidelines and the RPTs remain appropriate.
- RPTRC can (in the instance of a potential conflict) recommend the creation of a special committee to review the proposed RPT.

2.8 Review and Update

This Policy will be periodically reviewed by the NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 3 - POLICY ON CORPORATE GOVERNANCE, NOMINATION AND RE-ELECTION

3.1 Objectives of the Policy

This Policy outlines the Company's guiding principles relating to corporate governance generally in terms of the Listing Rules, as well as nominations and re-election of the Board and Key Management Personnel of the Company.

The matters relating to corporate governance and nominations are strictly monitored and overseen by the NGC (Refer [Section 2.4](#) of the Policy Framework on the NGC).

3.2 Corporate Governance

- The Company will comply with the Corporate Governance requirements set out in the Listing Rules, the Code and other Applicable Law. In this regard, the NGC will review and recommend the overall corporate governance framework of the Company.
- The Company will publish a statement confirming the extent of compliance with the corporate governance rules set out in Rule 9 of the Listing Rules, in the Annual Report.
- The Company will also comply with all corporate governance requirements set out in this Policy Framework.
- Key Management Personnel will provide regular reports to the NGC on the Company's compliance with the corporate governance framework in terms of the Applicable Law and any deviations/non-compliances and the rational for same.
- The Company Secretary will carry out the following functions to ensure compliance with the corporate governance requirements;
 - Continually reviewing developments in corporate governance.
 - Facilitating the proper induction of Directors into their role.
 - Advising and assisting the Directors with respect to their duties and responsibilities, in particular compliance with the Companies Act, Listing Rules and Code
 - Acting as a channel of communication and information for Non-Executive Directors and shareholders, and ensuring good general shareholder relations.
 - Making necessary disclosures in terms of the Listing Rules

3.3 Nominations

- The Company will follow a formal process to select, appoint, re-appoint and evaluate Directors to the Board as well as to Board Committees on the recommendation of the NGC. See [Section 2.4](#) of this Policy Framework on NGC Board Committee for further details.
- For the re-appointment/re-election of current Directors NGC will *inter alia* take into account the following when making recommendations to the Board;
 - (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.

- The Company will ensure that all persons recommended by the NGC as Directors (including Alternate Directors) and the General Manager satisfies the 'Fit and Proper Assessment Criteria' and that the Independent Directors (including Alternate Directors) satisfy the Criteria for Independence in terms of the Listing Rules, before such nominations are placed before the shareholders' meeting or appointments/re-appointments are made.

3.4 Re-election

The re-election of Directors shall take place annually at the Annual General Meeting ("**AGM**") of the Company in terms of the AOA.

3.5 Review and Update

This Policy will be periodically reviewed by the NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 4 - POLICY ON REMUNERATION

4.1 Objective of this Policy

- This Remuneration Policy sets out the formal and transparent procedure for the Company to ascertain and fix competitive remuneration packages for the Executive Directors, Non-Executive Directors and Key Management Personnel ("**Covered Persons**"). Remuneration includes both cash and non-cash benefits whatsoever received.
- This Policy ensures that the Covered Persons are remunerated with a competitive package which is appropriate to retain them in the long term and motivates them to perform in the best interest of the Company.
- This Policy is implemented in combination with the relevant provisions of the AOA and the TOR of the RC.

4.2 Remuneration of the Covered Persons

- The remuneration of the Executive Directors and General Manager and the Senior Management of the Company (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) shall be fixed by the Board based on the recommendations of the RC as per the policy on Remuneration Package (see [4.3](#) and [4.4](#) below).
- The remuneration of the Non-Executive Directors shall be decided by the Board.
- The Non-Executive Directors are paid on a non-discriminatory basis so as not to impair their independence.
- The Company may by ordinary resolution also vote for extra remuneration to the Directors or to any Director either for one year or any longer or shorter period.
- Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- Executive share options shall not be offered at a discount, unless otherwise permitted by the Listing Rules.
- A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company.
- Any person appointed by the Board to be members of the Board Committees or local boards or agencies for managing any of the affairs of the Company either in Sri Lanka or elsewhere may be remunerated.

- The Board shall make the final determination in relation to the remuneration, based on the recommendations received from the RC (see 4.3 below). To avoid potential conflicts of interest, no Director should be involved in deciding his/her own remuneration.

4.3 Remuneration Committee

- The composition of the RC shall be as set out in [Section 2.3](#) of this Policy Framework.
- The RC will adopt a formal and transparent procedure for developing policy on Executive Director's remuneration and for fixing the remuneration packages of individual directors.
- The RC shall consult the Chairman and/or General manager about its proposals relating to the remuneration of Executive Directors & Senior Management. General Manager will not be consulted for discussions in relation to his/her remuneration.
- The RC shall have access to professional advice from within and outside the company, in discharging their responsibilities.
- Provisions in relation to the scope, authority, duties and meetings of the RC shall be as per the Terms of Reference of the RC.

4.4 Remuneration Package

- The RC shall review the salaries and other benefits annually and recommend the remuneration package taking into account *inter alia* the following:
 1. Performance of the individual
 2. Skills and experience of the individual
 3. Packages offered by competitors
 4. Mandatory provisions of the Listing Rules
 5. AOA of the Company
 6. Guidelines issued by the CSE
 7. Code of Best Practice on Corporate Governance
 8. Reports from specialist consultants
- The Remuneration Package will set out the basic salaries, perquisites and benefits of the Covered Persons. It may also include and is not limited to the following:
 - (i) Performance bonus
 - (ii) Post employment and terminal benefits
 - (iii) Long Term Incentive Plan
 - (iv) In the case of Directors, extra remuneration for services performed which in the opinion of the Board are outside the scope of the ordinary duties of a Director
- In designing schemes of performance-related remuneration, the RC shall follow the provisions set out in [Schedule G of the Code](#). The schemes shall include provisions that would enable the Company to recover sums paid or withhold a portion of such performance related remuneration and specify the circumstances in which a Company may not be entitled to do so.

- Levels of remuneration for non-executive directors should take into account the time commitment and responsibilities of their role, and market practices which should be reviewed periodically. Remuneration for non-executive directors should not normally include share options.

4.5 Disclosure in the Annual Report

The following disclosures will be made in the Annual Report:

1. Statement regarding the Remuneration Policy
2. Names of the Chairperson and the members of the RC
3. Number of meetings held by the RC
4. Nature of the Directorships held by such members
5. Aggregate remuneration of the Executive and Non-Executive Directors
6. Number and aggregate remuneration of the Senior Management reporting directly to the General Manager including that of the General Manager, if he/she is not an Executive Director.

4.6 Review and Update

This Policy will be periodically reviewed by the RC and NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 5 - POLICY ON INTERNAL CODE OF BUSINESS AND ETHICS FOR ALL DIRECTORS AND EMPLOYEES INCLUDING POLICIES ON TRADING IN THE COMPANY'S LISTED SECURITIES

5.1 Objective of this Policy

The Internal Code of Business Conduct and Ethics (“Code of Business Conduct”/ “Policy”) of the Company establishes rigorous standards for Directors, executives, and employees, focusing on integrity, adherence to laws, and responsible conduct. It strictly prohibits unethical behavior, including fraud and conflicts of interest, and advocates for transparency and accountability.

The Policy includes specific procedures for reporting violations and offers protection for whistle-blowers, thereby encouraging a culture of integrity and trust within the organization

5.2 Applicability

This Code of Business Conduct is applicable to the Company, its Directors and all its staff, including Key Management Personnel. It also extends to agents and individuals with similar responsibilities, including employees, officers, or directors of any entity managing the Company (collectively referred to as “Covered Persons”). Additionally, this Code of Business Conduct covers all subsidiaries and other business entities under the Company's control globally.

The Company mandates that all "Covered Persons" read and understand this Policy and how it pertains to their duties and responsibilities

While addressing a broad spectrum of business conduct, this Policy may not encompass every potential issue or situation requiring ethical decision-making, but rather articulates the following core guiding principles that governs the Company's business practices and procedures:

- a) Integrity and ethical behavior
- b) Avoiding conflicts of interest
- c) Safeguarding the confidentiality of corporate information;
- d) Accurate accounting and record keeping
- e) fair and transparent procurement practices
- f) sexual harassment, discrimination and abuse
- g) The protection and responsible use of company assets and opportunities
- h) Adherence to relevant laws, regulations, and rules set by government authorities;
- i) Timely reporting of any Policy violations to the designated person or persons outlined in the Policy;
- j) Responsibility for complying with the Policy;
- k) The promotion of a corporate culture centered around honesty and accountability and professional conduct

Anti-bribery and corruption are key elements of the Company's Code of Business Conduct and Ethics. This topic has been broadly covered in the Policy on [Anti-Bribery and Corruption \(Section 12\)](#).

The process for companywide dissemination of this Code of Business Conduct, training arrangements, violations/non compliances (if any) will be reported to the Board on a regular basis. Share trading and RPTs by Key Management Personnel must be informed to the Board via the Quarterly Report. Any exemptions/waivers from compliance with the Code of Business Conduct with reasons and timelines should be approved by the board.

5.3 Integrity and ethical behavior

The Code of Business Conduct establishes the ethical behavior standards expected from Directors and all employees.

The Company expects all employees to adhere to key ethical principles of;

- (i) **Solidarity** - This reflects a genuine commitment to others' well-being and guiding the business to positively impact society.
- (ii) **Efficiency** - This involves utilizing resources efficiently to uphold responsible business practices, including reducing waste and ensuring that employees receive thorough onboarding, training, and development to perform effectively.
- (iii) **Rationality** - This involves making decisions grounded in logical and well-thought-out reasoning, rather than relying on whims, biases, or purely emotional reactions.
- (iv) **Fairness** – This requires treating others as you would like to be treated, avoiding favoritism in decision-making, promotions, rewards, and hiring.
- (v) **Refraining from willingly harming others**- This involves thoroughly evaluating the consequences of business actions. When harm is an unintended side effect of a beneficial action, it may be acceptable if the positive outcomes significantly outweigh the negative effects, no better alternatives exist, and efforts are made to mitigate the harm.

In this regard, the Company will conduct training on the Code of Business Conduct as part of induction training of new employees and Directors and require confirmation of compliance annually from such employee.

5.4 Avoiding conflicts of interest

A conflict of interest arises when an individual's personal interests such as those related to family, friendships, financial interests, or social connections might impair their judgment, decisions, or actions at work. These conflicts emerge due to the disparity between aforementioned personal interests and the rules set by the Company or Applicable Law. Examples include,

- (i) Employment/Outside Employment:

Covered Persons are expected to focus entirely on their work for the Company. They are not allowed to engage in any activities that could interfere with their job performance or create a conflict of interest with the Company. Specifically, if a Covered Person is offered an official or professional position outside of the Company that, in the opinion of a reasonable person, may

create a temporary or permanent conflict of interest, he/she must obtain approval from the Board or NGC before accepting a position with any external Company or Organization.

(ii) Outside Directorships:

It is considered a conflict of interest for any Covered Person or their Affiliates (defined as their spouse, parent, grandparent, child, sibling, or anyone living in their household) to serve as a Director for a competing company. While the Company's Directors can serve as a director for a supplier, customer, developer, or other business partner of the Company, this Policy mandates seeking approval from the Board or NGC before accepting such a position.

(iii) Close Family Members: Covered Persons should avoid conducting the Company's business with Close Family Members or with businesses where such individuals perform the same role as Covered Person.

(iv) Related Party Transactions (RPT):

RPT is defined in the Listing Rules as any transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Before engaging in a RPT, the Related Party or, if the Related Party is a Close Family Member of a Covered Person, the Covered Person must disclose the details and context of the proposed RPT to the Company's Related Party Transaction Review Committee (RPTRC). Under this Policy, the RPTRC requires "Covered Persons" to provide self-declarations to identify any related parties. Directors and Key Management Personnel of the Company must disclose all potential conflicts of interest annually, at the start of the financial year. This includes declaring any business interests of their spouse, similar relationships, dependent children, external associations, or interests in significant matters that could impact their independent judgment.

(v) Payments or Gifts from Others:

Covered Persons are prohibited from accepting cash, gifts, loans, or other valuables from entities doing business with the Company if they might influence business decisions or actions. Modest and infrequent gifts or business-related entertainment are acceptable as long as they are appropriate. The following are examples of entertainment and gifts which are usually acceptable without prior approval:

- Occasional drinks and meals.
- Occasional attendance at sports, theatre and other cultural events.
- Gifts of a token or modest amount.

The Company and employees must ensure that they do not, through the provision of any gift or hospitality, seek to influence any public official by providing any personal advantage, either to that official or to any other person at his request or with his assent or acquiescence.

For any questions about the acceptability of payments or gifts, consult the NGC.

5.5 Safeguarding the confidentiality of corporate information

The Company is dedicated to maintaining the confidentiality of the information we handle in the course of our professional duties and responsibilities. Accordingly,

- all Covered Persons shall avoid disclosing confidential information without prior approval and use such information solely for authorized purposes.
- This applies to information obtained from colleagues, customers, suppliers, board members, business partners, contractors, shareholders, and the communities in which the Company operates. Insider information refers to non-public details about the Company or its subsidiaries that could significantly affect their value if disclosed.
- Information encompasses any data or details in any format—oral, written, digital, physical, or otherwise. This includes, but is not limited to, trade secrets, technical know-how, specifications, customer lists, financial data, and acquisition information
- The Company is required to cooperate with relevant government office in case of any inquiries and investigations. However, it is crucial to safeguard the Company’s legal rights concerning its confidential information. Any government requests for information, documents, or interviews should be directed to the Company’s Legal Department. Additionally, financial information cannot be disclosed without the prior authorization of the Financial Controller.

5.6 The protection and responsible use of company assets and corporate opportunities

(i) Company Assets

- Protecting the Company’s assets is a core fiduciary responsibility for all “Covered Persons”. It is crucial to prevent any unauthorized use, lending, sale, or donation of these assets. Every Director and employee must ensure the appropriate use of Company assets and implement measures to shield them from loss, damage, misuse, or theft.
- The Company has implemented and will keep improving procedures for physical access control to maintain communication confidentiality, secure communication equipment, and guard against theft, misuse, and damage to Company assets. All “Covered Persons” are both individually and collectively accountable for following the access control measures at their work facility, whether it is a permanent or temporary location.
- Each director, manager, and employee is personally accountable for any Company funds they manage. Agents, contractors, and consultants should not have control over Company funds. These funds must be utilized solely for Company business purposes.

(ii) Corporate Opportunities

- Directors and Key Management Personnel should be prohibited from:
 - a) taking for themselves personally, opportunities that are discovered through the use of corporate property, information or position;
 - b) using corporate property, information, or position for personal gain; and
 - c) competing with the company.

- Directors and Key Management Personnel owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

5.7 Adherence to relevant laws, regulations, and rules set by government authorities

- Employees and Directors must always comply with all regulatory and statutory obligations. They should ensure that the Company's accounts, reports, and public documents are accurate and not misleading.
- In case of investigations, they must cooperate fully with regulatory bodies, in conjunction with their relevant Director. They are encouraged to seek assistance from The Employers Federation of Ceylon if needed.
- Additionally, employees and Directors are expected to respect each other, with the Company committed to maintaining a workplace free from all forms of sexual harassment, which will be deemed as misconduct.

5.8 Timely reporting of any violations of the Code of Business Conduct to the designated person or persons outlined in the Code;

- It is everyone's duty to raise and report any observations or concerns that are inconsistent with the Code of Business Conduct.
- Reporting enables the Company to detect and address conduct violations, act quickly to minimize consequences and exposure for both the Company and its employees, and implement corrective measures to prevent future issues.
- Retaliation against anyone who reports violations or concerns is strictly prohibited. Such retaliatory actions undermine the integrity of the reporting process and will be considered a serious breach of business conduct. The Company is committed to protecting individuals who come forward with honest reports, ensuring that they do not face adverse consequences or discrimination as a result. Any form of retaliation, including harassment, intimidation, or punitive actions, will be addressed with appropriate measures to uphold a safe and ethical work environment.

5.9 Responsibility for complying with the Code of Business Conduct

- Each Director and Employee are both individually and collectively accountable for following the Code of Business Conduct and the Company Policies, and all have a shared responsibility to protect the Company's reputation through our actions and statements.
- The Company will enforce disciplinary measures, including possible immediate termination, against Directors or Employees who breach the Code of Business Conduct. The Company may seek compensation for losses and will cooperate with authorities if laws are violated.

5.10 The promotion of a corporate culture centered around honesty and accountability and professional conduct

The Company believes that maintaining ethics and professional conduct is essential for building trust with co-employees, customers, suppliers, and the broader community. The Company further believes that ethics and professional conduct are key to fostering a positive work culture that promotes respect,

fairness, and equality. Adhering to ethical standards enables employees to interact respectfully, collaborate effectively, and contribute to a harmonious and supportive work environment. Therefore;

- Covered Persons must engage with the Company’s customers, suppliers, competitors, and colleagues honestly, ethically, and fairly. They should not exploit others through manipulation, concealment, misuse of privileged information, misrepresentation, or any other unfair practices.
- The Company strictly prohibits discrimination against any employee or prospective employee based on sex, race, color, age, religion, sexual orientation, marital status, national origin, disability, ancestry, political opinion, or any other legally protected characteristic.
- Unlawful harassment is prohibited at the Company, and all employees must treat each other with respect. Harassment includes any behavior that could reasonably offend or humiliate others or that might be seen as influencing employment or opportunities for training and promotion.

5.11 Share Trading Policy

5.11.1 Purpose and Scope

This Share Trading Policy outlines:

- I. Clear guidelines for all Covered Persons regarding dealings in the Company’s shares and securities.
- II. Best practices to prevent insider trading, protecting the Company, all Covered Persons.

5.11.2 Application of the Policy

This Policy applies to all Covered Persons without exception. It governs all transactions involving the Company’s securities, including those acquired through share option plans, ensuring that the same trading guidelines and restrictions are followed for these securities.

5.11.3 Introduction to the Policy

Under the SEC Act, individuals with ‘inside information’ about a company are prohibited from trading shares or securities of that company, whether directly or indirectly through others such as family members, friends, brokers, or advisers.

‘**Inside information**’ is defined as information that, if made public, would likely impact the price or value of the company's shares or influence investment decisions. Examples of such price-sensitive information include:

- The financial performance of the Company if it contains non-public, price-sensitive details.
- Entry into or termination of a significant contract.
- A major acquisition or sale of assets by the Company.
- An actual or proposed takeover or merger.
- Changes to the company’s capital structure.
- Proposed dividends or changes in dividend policy.
- Significant claims or unexpected liabilities.

- Damage or destruction of a significant company operation.

'Insider dealing' fundamentally involves the misuse of confidential information. In today's information age, it is as significant, if not more so, than traditional offenses related to property, such as theft, misappropriation, and criminal breach of trust, which were prominent during the industrial revolution.

Section 137 of the SEC Act clearly defines when an individual is considered an "insider" and explicitly outlines the prohibitions that apply to such individuals with certainty.

- An "insider" is any person, regardless of their connection to a company, who possesses non-public information that could materially affect the price or value of securities once it becomes public. It also stipulates that an insider must know or reasonably expect that this information is not generally available.
- Section 137(2) prohibits insiders, whether acting as principals or agents, from engaging in the following actions regarding securities related to the non-public information:
 - i. selling, buying, or entering into agreements for the sale or purchase of such securities;
 - ii. procuring, directly or indirectly, the acquisition or disposal of these securities or entering into agreements for such transactions.

The Company mandates that its Directors and employees comply with the statutory provisions outlined above and avoid any form of insider dealing. The Company will obtain declarations from directors and Key Management Personnel on compliance with this Policy requirements.

5.11.4 Share Trading Policy

- Covered Persons of the Company must not trade the Company's shares or other securities while possessing non-public, price-sensitive information that could materially impact the value of these securities.
- Covered Persons are prohibited from engaging in short-term speculative trading of the Company's shares or securities.
- To minimize insider trading risks, Covered Persons should avoid trading the Company's shares or securities for ten (10) market days before and three (03) market days after any announcement of material price-sensitive information.
- Covered Persons must not share material non-public information about the Company if it is foreseeable that the recipient might use it for trading the Company's securities.
- Covered Persons must notify the Company Secretary in writing within fourteen (14) days of any transaction in the Company's securities, including details such as the type of transaction, date, number of securities, and transaction price.
- The Company Secretary will record these transactions, update relevant registers including the Register of Directors' Shareholdings, and report the details to the Board at the next Board meeting.

5.11.5 Dealing in Securities of Other Listed Companies

- Covered Persons must not trade securities of another company if they possess material non-public information about that company acquired through their role at the Company.
- They must not disclose material non-public information about another company learned during their employment/directorship at the Company if there is a reasonable expectation that the recipient might use this information for trading in the securities of that other company.

5.11.6 Breach of Policy

Violations of this Share Trading Policy may constitute legal breaches and will be treated as misconduct, potentially resulting in disciplinary action against the Covered Person.

5.11.7 Company Assistance

- The Company Secretary will ensure all Covered Persons are educated about and periodically reminded of the legal requirements and company policies regarding share trading.
- Covered Persons must confirm their understanding of and intent to comply with the Company's share trading policy.

5.12 Disclosure in the Annual Report

- The Company will disclose in the Annual Report the existence of this Code of Business Conduct and the procedure followed by the Company for disseminating, monitoring, and compliance with the said Code of Business Conduct.
- The Company make a declaration relating to the compliance by all Directors and Key Management Personnel with the said Code. In the event an affirmative statement on compliance cannot be made, the Company will state why it is unable to do so.
- Any waivers from compliance with the Code of Business Conduct or Public exemptions granted by the Company will be fully disclosed in the Annual Report.

5.13 Review and Update

This Code of Business Conduct including the Share Trading Policy will be periodically reviewed by the RPTRC and NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption in line with the Applicable Law and the Company's corporate goals.

SECTION 6 - POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

6.1 Objective of the Policy

The purpose of this Policy on Risk Management and Internal Controls is to establish a structured, consistent and integrated approach to risk management and internal controls within the Company. This Policy aims to ensure that potential risks are identified, assessed, managed, and mitigated effectively to:

- (i) safeguard the Company's assets, reputation, staff, Hotels' guests, and other stakeholders
- (ii) ensure the smooth operation of its facilities,
- (iii) ensure the integrity of its financial and operational processes, and
- (iv) ensure compliance with the Applicable Laws.

6.2 Applicability

This Policy applies to the Board of Directors, Management and all employees of the Company across all departments and functions. It covers all operations and activities of the Company and its Hotel including guest services, housekeeping, food and beverage operations, facility management, financial reporting, human resources, and compliance with the Applicable Law.

6.3 Risk Management Framework



(i) Risk Identification

- All departments must identify potential risks that could impact the achievement of the Company's objectives.
- Risks should be categorized into strategic, operational, financial, compliance, and reputational risks.

(ii) Risk Assessment

- Each identified risk should be assessed in terms of its likelihood and potential impact.
- A risk matrix should be used to prioritize risks based on their severity.
- Risks should be categorized as very high, high, medium, and low.

(iii) Risk Mitigation

- Appropriate risk mitigation strategies must be developed and implemented.
- These strategies may include accepting the risk, halting activities causing exposure, mitigating the risk with appropriate preventive or contingent measures, or transferring the risk to third parties. These strategies are executed following the internal policies developed by the Company for effective risk management.

- Based on the risk rating, the following actions should be taken:

	<i>Very High Risk</i>	<i>High Risk</i>	<i>Medium Risk</i>	<i>Low Risk</i>
<i>Timeline</i>	Immediate action required	Prompt action required	Action within a reasonable timeframe	Routine action required
<i>Notification</i>	Senior Management and the Board	Senior Management	Department heads	Managed within the department
<i>Level of mitigation</i>	Develop and implement a comprehensive risk mitigation plan	Develop a detailed risk mitigation plan	Develop an appropriate risk mitigation plan	Develop standard operating procedures to address the risk
<i>Monitoring and Reporting</i>	- Continuous monitoring and regular reporting to AC.	- Frequent monitoring and periodic reporting to the AC.	- Regular monitoring and periodic reporting to Senior Management.	- Periodic monitoring and reporting to department heads.

(iv) Risk Monitoring and Reporting

- Continuous monitoring of risks and the effectiveness of mitigation measures is essential.
- Regular risk reports should be submitted as indicated above, depending on the severity of the risk.
- The Senior Management and AC to ensure that the following risks are detailed in the Quarterly Report to be submitted to the Board:
 - High – Very High level risks
 - impact of risk factors on financial and operating results and actions taken to mitigate such risks
 - internal control breaches or frauds during the period and related actions taken
 - cyber security related risks, mitigative measures and a security breach report (if any) during the period, and
 - any other risk related matters the Board should be aware of

6.4 Internal Controls Framework

(i) Control Environment

- Establish a strong control environment by promoting ethical values, integrity, and accountability.
- Ensure that the organizational structure supports effective internal controls.

(ii) Control Activities

- Implement control activities that address identified risks and ensure compliance with policies and procedures.
- Control activities may include approvals, authorizations, verifications, reconciliations and reviews.

(iii) Information and Communication

- Maintain effective communication channels to ensure that relevant information is identified, captured, and communicated in a timely manner.
- Ensure that employees understand their roles and responsibilities in risk management and internal controls.

(iv) Monitoring and Review

- Regularly review and monitor the effectiveness of internal controls.
- Conduct periodic audits and evaluations to identify and address control weaknesses.

6.5 Roles and Responsibilities

The roles and responsibilities of the Company's various stakeholders in relation to Risk Management and Internal Controls are as set out below:

(i) Board of Directors	<ul style="list-style-type: none">• Oversee the establishment and maintenance of the Risk Management and Internal Control Framework ("RM & IC Framework")• Provide oversight and ensure that the RM & IC Framework is in place and functioning effectively.• Approve the Policy on RM & IC and subsequent changes based on the recommendations of the AC and/or NGC.• Declare in the Annual Report that they have conducted a review of the internal controls covering financial, operational, and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence. If unable to make these declarations, provide an explanation on why it is not possible to do so.
(ii) Audit Committee	<ul style="list-style-type: none">• Obtain and review assurance from the General Manager and other Key Management Personnel regarding the adequacy and effectiveness of the Company's RM & IC systems.• Review internal controls in place to prevent the leakage of material information to unauthorized persons.• Oversee processes to ensure that the Company's RM & IC are adequate to meet the requirements of the Sri Lanka Accounting and Auditing Standards.• Review and assess the Company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks, and updated business continuity plans.• Review the risk policies adopted by the Company on an annual basis.• Take prompt corrective action to mitigate the effects of specific risks if such risks exceed the prudent levels decided by the AC based on the Company's policies and regulatory requirements.• Disclose the status of RM & IC in Quarterly Report and the AC statement in the Annual Report.• Implement the principles, actions, and requirements of the risk management plan.• Provide necessary tools and resources to identify and manage risks.

	<ul style="list-style-type: none"> • Review risks on a quarterly basis, including the identification of new risks, changes to existing risks, and the retirement of previously identified risks. • Ensure compliance with regulatory requirements and best practices relating to RM & IC.
(iii) Senior Management	<ul style="list-style-type: none"> • Develop and implement RM & IC strategies. • Ensure that all employees are aware of and adhere to this policy. • Ensure that the Company's RM & IC system operates efficiently and effectively. • Identify legislation, policy, and guidelines affecting risk management practices at the Company. • Provide assistance and support throughout the Company for risk management. • Organize appropriate risk management education and training for the Company's staff. • Monitor the implementation of the Company's Risk Management Framework across the organization.
(iv) Internal Audit	<ul style="list-style-type: none"> • Conduct independent assessments of the RM & IC processes. • Report findings and recommendations to Senior Management and the Board
(v) Manager/ Senior Staff	<ul style="list-style-type: none"> • Champion the rollout of the Company's RM & IC Framework into the Company's operations. • Ensure staff understand their responsibilities with respect to operational risk management. • Develop a risk-aware culture within their area of responsibility. • Advise the Senior Management of needs for any training, development, and facilitation.
(vi) Risk Owners	<ul style="list-style-type: none"> • Identify existing control gaps to help manage the risk. • Develop treatment plans to reduce the likelihood and/or impact of the risk. • Monitor the implementation of the treatment plans and report on their effectiveness and outcomes. • Monitor and alert Senior Management of significant changes in risk status.
(vii) Employees	<ul style="list-style-type: none"> • Understand and comply with RM & IC procedures. • Report any identified risks or control deficiencies to their supervisors.

6.6 Financial Risk Management

(i) Introduction & Overview

The Company is exposed to the following financial risks:

- Credit Risk
- Market Risk
- Liquidity Risk

This section provides an overview of the Company's exposure to these risks, as well as its objectives, policies, and processes for managing them.

(ii) Risk Management Framework

The Board has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Board is responsible for developing and monitoring the Company's financial risk management policies.

Key elements of the Company's financial risk management policies include:

- Identifying and analysing risks
- Setting appropriate risk limits and controls
- Monitoring risks and ensuring adherence to limits

These policies and systems are regularly reviewed to reflect changes in market conditions and Company activities. The Company fosters a disciplined and constructive control environment through training and management of standards and procedures, ensuring that all employees understand their roles and obligations.

AC oversees the Company's financial risk management processes, guidelines, and procedures, and assesses the adequacy of the financial risk management framework. Internal Audit supports the AC by conducting both regular and ad hoc reviews of financial risk management controls and procedures, with findings reported to the AC.

	Credit Risk	Market Risk	Liquidity Risk
Description	<p>Credit risk refers to the potential financial loss if a customer or counterparty fails to meet their contractual obligations.</p> <p>This risk primarily arises from:</p> <ul style="list-style-type: none"> • Receivables from customers • Related parties • Deposits with banks • Other financial instruments 	<p>Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, affect the Company's income or the value of its holdings of financial instruments.</p> <p>The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing returns.</p> <p><i>a. <u>Currency Risk</u></i> Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in foreign exchange rates.</p> <p><i>b. <u>Interest Rate Risk</u></i> Interest rate risk mainly arises as a result of the Company having interest-sensitive assets and liabilities which are directly impacted by changes in the interest rates.</p>	<p>Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.</p>
Management of Risk	<p>The Company will:</p> <ul style="list-style-type: none"> • Assesses the credit quality of new customers by evaluating credit worthiness by obtaining a credit card tied to the bookings, past experience, and other relevant factors. 	<p><u>Currency Risk:</u> To manage currency risks, the Company will adopt LKR accounting. First, identify foreign exchange risks, then convert all transactions to LKR for consistent assessment. Regularly evaluate the impact of LKR fluctuations and implement hedging strategies. Integrate these practices into our risk management framework and ensure continuous monitoring and reporting.</p>	<p>The Company's approach to managing liquidity:</p> <ul style="list-style-type: none"> • ensure, as far as possible, that it maintains sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. • investing in short, medium, and long-term financial instruments to support

	<ul style="list-style-type: none"> • Monitors the utilization of credit limits on a regular basis 	<p><u>Interest Rate Risks:</u> Management monitors the interest rate changes on a regular basis and ensures that such risks are managed on a timely basis. All accounting will happen in LKR to mitigate the risk to the general accounts as much as possible.</p>	<p>operational and other funding requirements.</p> <ul style="list-style-type: none"> • Short and medium-term fund requirements are regularly reviewed and managed by the Finance Controller and their team
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6.7 Review and Update

This Policy will be periodically reviewed by the AC and/or NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption. The review should cover all material controls, including financial, operational, and compliance controls.

SECTION 7 - POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

7.1 The Objective of the Policy

The purpose of this Policy is to detail the key principles and criteria governing the relations/communication with shareholders and investors of the Company. As a publicly listed company on the CSE, the Company is committed to promoting effective communication, enabling shareholders to make informed decisions and exercise their rights responsibly.

The Policy further aims to foster trust, transparency, and good corporate governance by ensuring timely, accurate and effective communication with shareholders and investors. By providing accurate and readily available information.

7.2 Communication Principles

- The Company is committed to engaging with the shareholders and investors in an open and transparent manner, using clear and concise language to convey information.
- The Company shall ensure that all shareholders, irrespective of location, have access to relevant information and for this purpose may (in addition to the usual forms of communication via electronic or postal means) utilize other public channels of communication as detailed in 7.3 below.
- The primary language of communication shall be English, with other language options provided where necessary.

7.3 Communication Channels

- The Company will employ multiple communication channels to disseminate information efficiently/timely and equitably to all shareholders, investors and other stakeholders across the world.
- These channels shall include the Company and CSE website, corporate email, telephone, social media platforms, letters, facsimile, publishing on national newspapers, general meetings, correspondence via Company Secretaries and Market disclosures.
- Communications on regulatory matters must be communicated to the shareholders, investors and relevant stakeholders in accordance the AOA and the Applicable Law (see 7.3(ii) and (iii) below for further details).
- Corporate communications regarding general notifications or promotional/operational information concerning the Company and its businesses shall be done via a press release, posted on the corporate website <https://www.galadarihotel.lk/>, and/or distributed via tv, print and social media platforms.

The following outlines the manner in which the aforementioned channels would function as the key communication avenue for the Company.

(i) General Meetings

- The general meetings of the Company, namely, the Annual General Meetings (“AGM”) and Extraordinary General Meetings (“EGM”) shall be the primary forums for communication with shareholders and for shareholder participation.

- The general meetings may be conducted online/virtually, or as hybrid (combination of physical and virtual) meetings. The Company will in advance issue specific instructions to shareholders in relation to connecting to/attending these meetings in the event it is an online/virtual or hybrid.
- Notices of general meetings, proxy forms and accompanying documents and reports will be provided/circulated within the prescribed time period including the Annual Report (see 7.3(ii) below for further details). Notices must be drafted clearly to communicate the date, time and venue (in the event of a physical or hybrid meeting) and/or the mode of conducting the meeting along with the resolutions set out explaining the nature of business to be transacted at the said meeting.

(ii) Annual Report

- The Company's Annual Report is a major communication provided to shareholders each year. In addition to meeting all formal requirements, the Annual Report will contain information that assists shareholders to understand the Company's financial results, trends, developments of importance, relationship with employees and any other relevant matters that may impact on the community and environment.
- The Annual Report (along with the other general meeting documents) will be posted on the CSE and Company's official website, <https://www.galadarihotel.lk/>. A hard copy of the Annual Report must be issued if any shareholder makes a request.
- The Company will also make a separate disclosure on the Annual Report as to the existence of this Policy on relations with shareholders and investors.
- The process set out in [Section 7.4](#) below to make Directors aware of major issues and concerns of the shareholders will be disclosed in the Annual Report

(iii) Corporate and Financial Disclosures

- Audited Financial Statements, Interim Financial Statements and corporate disclosures with price sensitive information shall be disseminated in terms of the Listing Rules by the Company Secretaries on the CSE website.
- The Company is committed to providing Shareholders with fair, balanced, and comprehensible disclosures, enabling them to make informed assessments of the Company's financial standing.

(iv) Corporate Website

The corporate website shall serve as a key communication platform with shareholders and investors. The website shall feature a separate section that provides these stakeholders with easy access to financial reports, annual reports, notices, proxy forms for general meetings, Policy Framework adopted by the Company and other essential information. Upon the mandatory disclosures being published on the CSE website, the Company may also upload the same on its corporate website.

(v) Social Media Presence

In addition to the website, the Company may share corporate information through social media platforms such as LinkedIn, Facebook and Instagram allowing the Company to reach a broader audience, including younger shareholders and potential investors.

(vi) E-mails, Faxes, Letters, Circulars etc.

The Company shall use these communication methods case by case basis as applicable to keep a good rapport with the shareholders and investors.

- Shareholders may opt to receive communications from the Company via email. It is the responsibility of shareholders to provide their preferred email address to the Company Secretary should they wish to receive electronic communications. It is the responsibility of the shareholder to keep a current e-mail account and e-mail address and to notify the Company Secretary of any changes to these details. If the Company receives rejection advice for any shareholder e-mail, the relevant material will not be sent to the shareholder again.
- The Company has in the past communicated with its shareholders via post and will continue to do so only where a shareholder has specifically informed the Company Secretaries of such requirement.
- In the event a shareholder makes a written request for a copy of the Policy Framework or any Policy therein, the Company will make available a copy of the same.

(vii) Other Communication Channels

- Shareholders with questions regarding shareholdings, dividends, or corporate actions should be directed to contact the Company Secretaries via the following contact details:

Director
Central Corporate and Consultancy Services (Private) Limited
No. 48, Rosmead Place,
Colombo 7,
Sri Lanka

Contact Number : +94 112 690037 / 2 695004

Facsimile : +94 112 696618

- Shareholder/Investor concerns will be addressed by the Company Secretaries or forwarded to the Company for action, as necessary. Shareholders should be requested to update their correspondence address with the Company Secretaries in the event the shares are held by virtue of a share certificate. If the shares are held in accounts maintained with the CDS, such Shareholders should be informed to update their correspondence address with the CDS through their respective stockbrokers.
- Alternatively, inquiries must be allowed to be submitted via email to: cccs@tiruchelvam.com or info@galadari.lk

- For operational queries, the Company must provide designated contacts through its corporate website.

7.4 Access to Directors, Managers and Auditors

- Shareholders may at any time direct questions or requests for information from or raise concerns or issues with regard to the Company from the Directors through the Company's website or by written request forwarded to the Company Secretary. Replies to all such requests/concerns from the relevant departments will be forwarded to the Board with the approval of the General Manager.
- At each General Meeting, the shareholders through the Chairperson will be given the opportunity to ask relevant questions. The Chairman, the Directors and relevant Key Management Personnel will be present physically or via the online platform and respond to these queries.
- Further, the Auditor of the Company should be invited to the general meetings in order to answer questions on the conduct of the audit and preparation of the content of the Auditors' Report.

7.5 Unpublished Price Sensitive Information

The Company must ensure strict adherence to insider trading regulations and must not selectively disclose any unpublished price-sensitive information to individual shareholders, investors or other stakeholders. Such information should only be made available to the public through regulatory filings and official corporate announcements.

7.6 Shareholder Privacy

The Company in recognizing the importance of shareholder privacy will not disclose shareholder information without their consent, except when required by Applicable Law.

7.7 Review and Update

This Policy will be periodically reviewed by the NGC and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 8 – POLICY ON ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) SUSTAINABILITY

8.1 The Objective of the Policy

- The Hotel forms a part of the international hotel chain belonging to the Emirati Conglomerate owned and operated by Galadari Brothers Co. LLC. The Company, in line with the vision of the Galadari Group, is deeply committed to sustainable tourism, which aligns with the global standards for environmental preservation, social responsibility, and sound governance.
- The Environmental, Social and Governance (**ESG**) Sustainability Policy underscores our commitment to the said vision by integrating sustainable practices to the Company's overall corporate strategy including its' decision-making processes, risk assessment procedures, and corporate reporting, while simultaneous adherence to regulatory requirements.
- Accordingly, this Policy reflects the Company's dedication to minimizing its' environmental impact, promoting fair treatment and the well-being of our employees and local communities while upholding transparent and ethical governance structures. Through ESG principles, we aim to foster long-term sustainability in the tourism industry, ensuring that our business contributes positively to both the environment and society while setting a benchmark for corporate integrity.
- By adhering to these principles, we not only safeguard Sri Lanka's rich natural and cultural heritage but also position ourselves as leaders in sustainable tourism.

8.2 Applicability and implementation

- This Policy is applicable to every Employee, Director or officer of the Company. The Board place great emphasis on the need to recognize sustainable business development and ESG risk and opportunities in the Company's corporate strategy, decisions and activities. Breach of this Policy may result in disciplinary action for Employees.
- Contractors and consultants are required to act in accordance with this Policy when working for the Company, as our agent or on our behalf, or in our name or any business activity including when delivering out-sourced services. Noncompliance with this Policy may be a ground for the review of the Company's business relationship with a sub-contractor, customer or consultant.
- It is the responsibility of all functions and Employees of the Company to implement this Policy supported by the Sustainability Unit.
- All functions and Employees must ensure that:
 - (i) the Company's processes and procedures meet the requirements of this Policy
 - (ii) the Company acts in accordance with all defined principles and standards
 - (iii) the Company undertake periodic reviews of sustainability impacts to identify and improve performance wherever possible.

8.3 ESG Risks and Opportunities

- The Company recognizes that sustainability/ESG related issues will affect the business, strategy, and financial and operational performance e.g. through legislation, reputational damage, Employee turnover, license to operate, legal action, stakeholder relationships etc.
- Accordingly, the Board will consider sustainability/ESG risk and opportunities in the Company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.
- The AC and Key Management Personnel should include the impact of sustainability/ESG risks and opportunities in its business plans, strategic plans presented to the Board on a regular basis. This could be in the form of scenarios, probability of occurrence, likely impact, mitigative actions and monitoring and management.
- The Board and Key Management Personnel should continuously engage with and consider the views of its stakeholders to better understand and manage the Company's sustainability/ESG risk and opportunities

8.4 Environment Responsibility

- A key component of the Company's ESG Policy is environmental sustainability. The Company adopts an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations.
- The Environmental Policy focuses on adoption of eco-friendly practices across all aspects of the Company's operations, preventing corruption that may negatively impact and/or damage the environment, while safeguarding Sri Lanka's rich biodiversity and fragile ecosystems.
- Some key steps taken to reduce our carbon emissions, optimize resource utilization and mitigate overall environmental risks are:
 - (i) **Adoption of innovative construction and green initiatives** | Use of innovative construction methods and green initiatives, such as the use of sustainable materials, energy conservation and efficient waste management.
 - (ii) **Eco-Conscious Certifications: ISO 14001:2015 & Travelife** | The Company is certified under ISO 14001:2015 Environmental Management System and Travelife sustainability standards, ensuring that our premises are eco-conscious.
 - (iii) **Sustainability Pillar Head appointment** | Appointment of a Sustainability Pillar Head who shall liaise with relevant personnel at the property level to drive environmental progress and review performance, on a regular basis.

- (iv) **Increasing reliance on renewable energy and implementation of effective emission |** Enhancing our renewable energy capacity in order to reduce greenhouse gas emissions by using Solar photovoltaic (PV) systems to generate electricity and reduce our reliance on non-renewable energy sources. Biomass will serve as a sustainable alternative fuel for our boilers, producing hot water and steam for our laundries and Vapour Absorption Chillers (VAC) to improve energy efficiency. Additionally, biogas systems will convert food waste into energy, replacing Liquefied Petroleum Gas (LPG) and supporting a circular economy by repurposing waste and solar thermal technology will provide an eco-friendly solution for generating hot water, further reducing our energy consumption.
 - (v) **Water conservation and effluents management |** Adopting and practicing effective water conservation and effluents management standards. Water is a precious resource and the Company strives to use this wisely and efficiently by rigorous monitoring, responsible treatment, and implementing innovative solutions to ensure that ‘every drop counts’. Some examples include: minimizing water use across our operations by installing water-efficient fixtures, promoting responsible water usage through initiatives like linen reuse programs, and employing water-saving technologies. Our wastewater management system treats all on-site wastewater using advanced filtration before safe discharge.
 - (vi) **Waste management |** Effective waste reduction is a cornerstone of environmental responsibility in the hospitality industry. We focus on comprehensive waste management by implementing recycling programs with stations for paper, plastic, glass, and metals in both guest rooms and common areas, and ensuring staff are well-trained on ESG Principles. We are also committed to reducing single-use plastics by providing reusable or biodegradable alternatives and optimizing our purchasing practices to minimize packaging waste. Our food waste management includes portion control, donating surplus food and composting organic waste. We actively engage guests in our waste reduction efforts and periodically analyse our waste streams to identify improvements and collaborate with like-minded organizations to develop innovative waste reduction solutions.
 - (vii) **Climate Action Plan |** In line with Sri Lanka’s commitment as a signatory to the Paris Agreement under Article 6 concerning climate change, the Company is committed to developing and executing a comprehensive climate action plan that establishes measurable targets for reducing greenhouse gas emissions and the substantive reduction of its carbon footprint. This includes initiatives such as carbon offset programs and the integration of renewable energy sources.
 - (viii) **Environmental Impact Assessment |** conducting regular biodiversity assessments, in collaboration with various environmental stakeholders.
- Through these measures and strictly adhering to this ESG Policy, the Company has not only taken steps to improve its energy efficiency but also actively contributing to environmental sustainability. Our dedication to renewable energy solutions helps us reduce operational costs and minimize environmental impact, while promoting cleaner, greener operations.

8.5 Social Responsibility

- Social responsibility is a core value of the Company that drives our actions and decisions. We are dedicated to fostering positive social impact through a comprehensive approach that emphasizes equity, inclusion, and community enrichment.
 - (i) **Promoting Equity and Inclusion** | We have built a diverse and inclusive workforce through equitable recruitment and local hiring while promoting women’s empowerment through various policies as well as creating and fostering a gender inclusive workplace culture.
 - (ii) **Investing in employee development and ethical sourcing labour practices** | We understand that our Employees are our greatest asset. In emphasis of this we take pride in investing in employee development and training by enhancing skills, providing rewards and recognition, and promoting a strong ethos of a work-life balance to drive greater efficiency and strong career development. Our ethical talent sourcing and labour practices also align with international standards, with a strict “zero-tolerance” policy concerning unfair and /or unethical labour practices.
 - (iii) **Prioritizing Employee well-being and ensuring occupational health and safety** | We prioritize Employee health and safety through rigorous risk assessments to identify and mitigate potential workplace hazards and adequate safety training programs and manage environmental and social risks with responsible procurement practices.
 - (iv) **Building sustainable customer relationship** | Establishing a systematic process for gathering customer feedback and enhancing engagement. By prioritizing efficient service delivery and maintaining high standards for product responsibility, we aim to improve the overall customer experience while ensuring data privacy and security.
 - (v) **Commitment to sustainable development and social responsibility** | We prioritize sustainable development and social responsibility by implementing processes for responsive community engagement, promoting fair competition, and ensuring ethical business practices, thereby demonstrating our commitment to corporate social responsibility. We contribute to local economic prosperity by prioritizing the hiring and training of exceptional local talent especially those from disadvantaged backgrounds, thereby creating prime employment opportunities for Sri Lankans across the board and from all walks of life. The Company focuses on local recruitment and sourcing locally manufactured goods/services that help enrich the tourism ecosystem and further enhances the quality of life for residents in diverse communities. We are also committed to ensuring fair business practices are implemented throughout our supply chain and maintain a “zero-tolerance” policy against child and forced labour when appointing suppliers and other business partners.
 - (vi) **Stakeholder Engagement for Sustainable Growth** | The Company engages with representative groups of the community, guests, employees, suppliers, outsourced providers and any other party that influences or is influenced by the Company’s business model in relation to aspects material to its sustainable growth

- By embracing these practices, we aim to create a positive and lasting impact on our community, employees and the environment, reinforcing our dedication to social responsibility within all aspects of our operations.

8.6 Good Corporate Governance

- This Policy Framework ensures consistent implementation and communication of these practices to our stakeholders including through active dialogue with our key stakeholders to understand key issues and develop solutions to drive shared value.
- Our commitment to Good Corporate Governance guides our efforts to safeguard stakeholder interests and uphold the highest ethical standards. We embrace a comprehensive approach to governance, ensuring transparency, accountability and compliance in all aspects of our business.
- Some of our key ESG principles relating to Good Corporate Governance are:
 - (i) **High Standards of Governance** | Implementing rigorous corporate practices to protect stakeholders, including transparency and anti-corruption measures and managing risks in the short, medium and long term by recognizing, managing and measuring all pertinent aspects of sustainability using financial and non-financial measures. All employees, including Key Management Personnel, receive mandatory training on ethical conduct and compliance, with regular updates and internal audits ensuring adherence to policies.
 - (ii) **Encouraging Whistleblowing** | We encourage whistleblowing, practice collective decision-making and regulate gifts to prevent any direct or indirect corrupt practice. See [Section 5 on our Policy for Internal Code of Business Conduct](#) for further details.
 - (iii) **Transparent Charitable Practices** | Our charitable donations are thoroughly vetted to ensure transparency and we prioritize using devices provided by Galadari Group for the purposes of communication, ensuring that all interactions adhere to our governance standards.
 - (iv) **Corporate Identity and Consistency** | The Company adheres to its Global Corporate Identity Manual and its accepted Brand Guidelines to ensure the Company is in compliance with its strict international guidelines, thereby maintaining its consistency with all its affiliates across the world.
 - (v) **Respect for Privacy and Diversity** | We uphold privacy laws, ethical standards, and respect for religion, gender and ethnicity. Our comprehensive Privacy Policy underscores the Company's commitment to responsibly using and protecting customer information.
 - (vi) **Regulatory Compliance** | We adhere to all Applicable Laws alongside our ESG compliance obligations. This comprehensive approach ensures that our operations reflect our commitment to responsible and ethical governance.
- The AC within its scope will assist the Board oversight of the process to ensure compliance with non-financial (ESG/Sustainability) laws and regulations which can have a bearing on the reported

results of the company and also ensure the Company adopts a clear process to monitor ESG risks. See [Section 8.3 above on ESG Risks](#).

- By embracing these principles of Good Corporate Governance, The Company aims to foster trust, uphold integrity and drive sustainable success while reinforcing our dedication to ethical business practices and stakeholder protection.

8.7 Reporting and Transparency

- The Company's approach to Reporting and Transparency is built on a foundation of integrity, accountability, and sustainability.
- We are dedicated to providing clear, accurate, and comprehensive information to our stakeholders, ensuring that our business practices align with the highest standards of ethical conduct. To this end:
 - (i) **ESG Disclosures in Annual Report** | The Company will provide requisite disclosures in the Annual Report in terms of the Listing Rules and the Code to ensure that investors and shareholders are kept informed about the Company's efforts in ESG
 - (ii) **Inclusion of ESG Matters in Quarterly Reports** | The AC and NGC will ensure that ESG matters are included in the Quarterly Report submitted to the Board so as to highlight sustainability/ ESG related risks and opportunities (if any) during the period
- We adhere to international sustainability reporting standards like the Global Reporting Initiative (GRI) and support the United Nations Sustainable Development Goals (SDGs), ensuring rigorous and transparent reporting that contributes positively to ESG sustainability.

8.8 Review and Update

The ESG policy will be dynamically reviewed on a regular basis by the NGC to ensure that it remains vibrant, effective and perfectly attuned to our evolving business needs, and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 9 - POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS

9.1 Objective of the Policy

- The purpose of this policy is to ensure that the Company is in compliance with all relevant legal requirements and internal regulations for protecting the Company's assets and shareholder investments including decision making relating to asset management.
- Asset and investment management is a critical component of any successful organization, as it helps to optimize the use of assets and maximize long term returns by prioritizing responsible investment, recognizing that responsible behavior is essential for sustainable value creation in the Company. These benefits can be passed on to the Company's shareholders and investors.
- This policy fosters collaboration among Company's divisions to optimize the value of Company's assets and shareholder investments through informed decision-making that considers the entire asset life cycle, and recognizing the interdependencies of asset systems by ensuring comprehensive and effective management across the Company.

9.2 Applicability

- This Policy applies to all assets owned by the Company and all aspects of each asset, including design, construction, operation, maintenance, and disposals. This policy applies to all Employees, contractors, and other stakeholders of the Company.
- In addition, the Company may rely on assets it does not own such as rented or hired assets. Where operations are supported by these assets, the Company shall work collaboratively with the asset owners and promote the principles outlined in this policy.

9.3 Asset and investment management processes

Some key processes adopted by the Company to achieve the objectives of this Policy are:

- (i) Adequately tracking and monitoring asset performance** | By doing so the Company is able to better predict future investments in their assets and maximize their value and hence increase profitability and maximize returns on investment
- (ii) Preventive measures and security protocols** | Through, preventive measures and security protocols including insurance of all assets, the Company aims to protect its assets from loss or theft. This helps reduce the risk of financial losses and enables the Company to make strategic investments in assets without fear of loss.

(iii) Asset utilization and analytics

- Through asset utilization analytics, the Company seeks to identify areas for improvement in asset performance and develop strategies to optimize those performances. This helps improve overall performance and increases the Company's return on investment.
- Collecting and analyzing data related to the status and performance of each asset also improves the decision making by Companies on future investments in assets. This helps ensure the Company is investing in the right assets at the correct times and that such investments will yield a positive return.

(iv) Investment analysis process | The Company conducts comprehensive analyses of each investment by evaluating corporate governance strategies, financial and non-financial performance, associated risks, capital structure, and ESG impacts. This analysis is informed by data gathered from external sources, including but not limited to market research and expert opinions, as well as internal resources such as financial statements, proprietary data, and detailed investment assessments.

9.4 Principles

Please refer [Section 5.6\(i\)](#) of this Policy Framework which provides further detail on the Company's policy on Asset Management. Some key principles governing this Policy are:

(i) Compliance with Legislation and Internal Regulations | The Company is committed to adhering to all Applicable Laws and internal regulations concerning the protection of Company's assets and shareholder investments.

(ii) Development of Internal Regulations

The Company is committed to establishing and maintaining comprehensive internal regulations that define behavior standards across the Company, including but not limited to;

- **Regulations on Asset Management** | Guidelines that ensure the proper use, protection, and maintenance of the Company's assets, encompassing intellectual property, technology, and physical resources.
- **Regulations on Investment Control** | Protocols outlining how the Company's funds are to be invested, as well as the methods for tracking and reporting these investments.
- **Regulations on Data Protection and Security Policies** | Standards that delineate rules for safeguarding the Company's data, assets, and the personal information of its Employees, ensuring comprehensive protection across all areas of operation.
- **Regulations on Risk Management and Internal Control** | Regulations identifying and mitigating risks associated with asset performance, ensuring the protection and optimal utilization of the Company's assets, which ultimately enhances shareholder value and confidence through transparent operations, compliance with regulations, and the safeguarding of financial and reputational interests.

- **Regulations on Conflicts of Interest** | Regulations that identify instances where personal interests of the Directors, shareholders or Employees may conflict with the Company's interests in relation to asset management or investments and establish protocols for effectively manage such situations.

These regulations promote asset protection and create a unified framework for action, ensuring consistent practices in the management and control of Company's assets and investments.

(iii) **Awareness and Training**

Through regular training and dissemination activities the Company will enhance awareness of asset protection among employees. These programs will educate employees about safeguarding both their own security and the security of Company's assets within their areas of responsibility.

(iv) **Information Coordination**

The Company is committed to establishing and maintaining effective communication channels, both internally and externally, to monitor and manage asset protection status through following measures.

- **Internal Reporting System** | A structured reporting system for the status of the Company's assets, facilitating timely updates and assessments.
- **Incident Reporting Mechanism** | A formalized process for reporting incidents or irregularities related to the Company's assets, including data breaches, losses, or theft, ensuring prompt response and mitigation.
- **Asset Monitoring Software** | The implementation of advanced asset monitoring software or mechanisms to track the condition and performance of assets effectively.
- **Cross-Division Meetings** | Regularly scheduled meetings among various divisions to share updates on asset protection status and identify emerging risks collaboratively.
- **External Vendor Communications** | Ongoing communication with external vendors, particularly concerning the security of assets managed or accessed by third parties, to ensure comprehensive oversight and risk management.

(v) **Continuous Improvement**

The Company sets clear objectives and goals for the continuous improvement of asset protection practices. The performance of the Employees who are in-charge of Company's assets will be subject to periodic assessment and necessary corrective measures will be applied to any errant employee in order to achieve these goals. This includes regular verification, auditing, and control processes to ensure that the asset protection objectives are met and maintained.

9.5 Roles and responsibilities

The following outlines the roles and responsibilities associated with the execution of this policy;

- (i) **Board of Directors** | The Board is responsible for approving this Policy, allocating funding/resources for implementation and approving asset funding through multi-year and long-range financial plans.
- (ii) **Key Management Personnel** | The General Manager / Financial Controller shall oversee the Company wide implementation of this Policy, ensuring alignment with financial objectives specific to the Company.
- (iii) **Heads of Divisions / Departments** | Head of Divisions / Departments are primarily responsible for the overall management of the Company's assets including the rented assets. Also, they are tasked with promoting the adoption of this Policy within their divisions and ensuring that appropriate resources are allocated for effective implementation.
- (iv) **Other staff / other employees** | All personnel involved in asset management are required to adhere to the provisions of this policy and ensure compliance in their daily operations to uphold the Company's standards.

9.6 Disclosure

A disclosure will be made on the Annual Report as to the existence of the Company's Code of Business Conduct which covers the protection and proper use of company assets including information assets.

9.7 Review and Update

This policy shall be reviewed regularly by the AC and NGC to ensure that it remains relevant and aligned with best practices. and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 10 - POLICY ON CORPORATE DISCLOSURES

10.1 Objective of the Policy

The purpose of this Policy is to ensure the timely and accurate disclosure of material and other information of the Company in compliance with the Applicable Law and the Code. The Policy aims to promote transparency and prevent misinformation, ensuring that all stakeholders, including shareholders and the public, are well-informed.

10.2 Corporate Disclosure Principles

(i) Timely disclosure of information in accordance with the Listing Rules and the Code

- On the instructions of the Board, the Company Secretary, with the assistance of the Key Management Personnel of the Company, is responsible for ensuring the timely disclosure of information in accordance with the Listing Rules and the Code.
- Following the mandatory disclosures being published on the CSE website in accordance with the Listing Rules, the Company may take the necessary steps to promptly upload the same information on its corporate website, <https://www.galadarihotel.lk/>. Where deemed necessary, the Company may also issue relevant press releases or other communication means usually adopted by the Company (see [Section 7.3 communication channels](#)) to ensure comprehensive dissemination of the information.

(ii) Clarifications

- **Clarification on Market rumors** | The Company does not typically respond to inquiries regarding market rumors. However, in certain instances where a lack of response may have significant implications for the Company, an appropriate response may be issued through appropriate communication channels.
- **Clarification on unusual trading activities** | Where there is an unusual price movement or trading activity in the shares of the Company without any apparent publicly available information, the Company will respond promptly to any inquiries made by the CSE.
- **Avoidance of selective disclosures** | Selective disclosure refers to the release of material, nonpublic information to specific individuals or groups before it is made available to the general public. Such disclosure is strictly prohibited under the Company's policy, except when the recipients are bound by confidentiality or nondisclosure agreements.

(iii) Disclosure of information not covered by the Listing Rules

In addition to fulfilling the timely disclosure obligations mandated under the Listing Rules, the Company is committed to providing information in accordance with all other applicable legal and regulatory requirements.

10.3 Disclosures in the Annual Report and Financial Statements

- Disclosure of information on the Annual Report is a key means of communication with shareholders and investors (See [Section 7 on Policy on relations with Shareholders and Investors](#) for further details) and is a statutory and regulatory requirement for listed companies.
- The Company is committed to ensuring precise and clear disclosures are made in the Annual Report in compliance with the Applicable Law, the Code and this Policy Framework. In this regard, each Board Committee, Key Management Personnel and Company Secretaries will play a significant role.
- The AC will carry out the functions of the preparation, presentation and adequacy of disclosures in the financial statements of the Company in accordance with Sri Lanka Accounting Standards.

10.4 Review and Update

This Policy shall be reviewed regularly by the NGC to ensure that it remains relevant and aligned with best practices, and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 11 - POLICY ON WHISTLEBLOWING

11.1 Objective of this Policy

The Company aims to promote a culture where Employees and associated parties of the Company feel empowered to report concerns regarding suspected serious misconduct, violations of laws or regulations, or conflicts of interest that could negatively impact the Company, its customers, shareholders, Employees, investors, or the public. These issues (referred to collectively or individually as “**Misconduct**”) should be raised freely and without fear of retaliation or unjust treatment. This Policy details the procedures for reporting and investigating such Misconduct at the Company, along with the protections for Whistleblowers.

11.2 Definitions

- “**Reportable Conduct**” encompasses any actions or misconduct detailed in [section 11.5](#) of this Policy.
- “**Whistleblower**” refers to an individual who reports Reportable Conduct.
- “**Whistleblower Protection Officer**” or “**Officer**” is any designated officer responsible for receiving complaints or disclosures in accordance with this Policy.

11.3 Key Principles governing this Policy

- Whistleblowers will not face any risk of exposure, and confidentiality is guaranteed.
- Reports of Misconduct should be genuine, with sufficient evidence provided to support the claims.
- Disciplinary action will be enforced against Employees who submit false or fabricated information.
- This procedure outlines methods for Employees and related parties to report concerns about misconduct and details how those concerns will be addressed.
- Management will be informed promptly about any reported misconduct.
- Employees will be assured protection from retaliation or unfair treatment when disclosing concerns in good faith, in line with this Policy.
- The aim is to foster a culture of openness, accountability, and integrity within the Company.

11.4 Applicability

It applies to all Directors and Employees of the Company, as well as related parties, including customers, shareholders, investors, and the public.

11.5 Reportable Conduct

- The following are some examples of Misconduct that can be reported under this Policy. This list is intended to guide, but it is not exhaustive:

(i) Violation of Laws and Regulations	Any breach of Applicable Laws
	Any breach of the Policy Framework

(ii) Dishonest or Unethical Behavior	Any conduct that is dishonest or unethical in nature
(iii) Code of Business Conduct Violation	Breaching the Company's Code of Business Conduct
(iv) Fraudulent Activities and Corruption	Willful acts intended to gain unauthorized benefits. Examples include: <ul style="list-style-type: none"> ○ Corruption: Conflicts of interest, bribery, illegal gratuities, and economic extortion. ○ Cash Asset Misappropriation: Theft, cheque tampering, and fraudulent disbursements, such as billing or payroll schemes. ○ Non-Cash Asset Misappropriation: Theft, false asset requisitions, destruction or misuse of records and equipment, unauthorized disclosure of confidential information, and document forgery or alteration. ○ Fraudulent Statements: Misrepresentation in financial reporting, employment credentials, or external reports. ○ Fraudulent Actions by Third Parties: Including bribes or fraudulent invoices from suppliers or inaccurate information from customers.
(v) Misrepresentation in Audits	Negligent acts during the preparation or evaluation of audits or financial statements
(vi) Non-Compliance with Internal Policies	Deficiencies in or failure to adhere to the Company's internal policies and controls.
(vii) Conflict of Interest	Situations where personal interests conflict with professional responsibilities.
(viii) Risks to Health and Safety	Actions that pose substantial risks to public health, safety, or the environment.
(ix) Unlawful or Unethical Behavior	Any improper conduct that undermines the Company's policies, procedures, or standards of conduct.
(x) Misuse of Social Media	Inappropriate or harmful behaviors exhibited on social media platforms by Employees. This can include sharing confidential Company information, which may jeopardize sensitive data and violate privacy policies. Additionally, Employees may engage in cyberbullying or harassment, creating a hostile work environment and damaging professional relationships.

- The Company reserves the right to determine whether there are sufficient grounds to substantiate claims of Reportable Conduct and to assess whether any particular behavior qualifies as Reportable Conduct.
- The Policy expects Whistleblowers to act in good faith, meaning reports should be made without malice and based on a reasonable belief in their truth. Employees who knowingly make false statements may face disciplinary action. The Company will make efforts to maintain the confidentiality of Whistleblowers, but disclosure may occur when necessary.

11.6 Reporting Reportable Conduct

- Whistleblowers have the option to report any Reportable Conduct either with their identity or anonymously.
- Reportable Conduct can be reported in writing, by telephone, email, through digital media, or in person. However, written reports are strongly encouraged to ensure a clear understanding of the issues raised.
- Any reporting of Reportable Conduct must be addressed to the Chairperson of the AC.
- While the Whistleblower is not required to prove the truth of an allegation, they should provide any relevant evidence they possess to support the claim.
- The Whistleblower who raises a legitimate concern about wrongdoing will receive an acknowledgment letter regarding their report. The AC will determine the most appropriate course of action to address the concern while ensuring the protection of the Whistleblower's identity throughout the process.
- Anonymous reports or complaints alleging Employee misconduct without credible evidence will be kept confidential for three (03) months by the Whistleblower Protection Officer. If no supporting evidence is provided within that period, the AC will destroy those reports.

11.7 Procedure for Evaluating and Reviewing

- (i) **Complaint Register** | On the instructions of the AC, the Whistleblower Protection Officer or the internal auditors of the Company will maintain a register of complaints, assigning a unique identification number to each complaint.
- (ii) **Acknowledgment** | Whistleblowers will be notified and acknowledged within a week, when possible.
- (iii) **Anonymous Complaints** | For anonymous reports, the Officer will encourage self-entification while providing a unique number for additional information.
- (iv) **Information Gathering** | The Officer can call Whistleblowers and Employees for discussions or gather information with prior notice.
- (v) **Evaluation** | Each complaint will be assessed by the Officer to determine if there is a *prima facie* case and if further internal or forensic audits or disciplinary investigations are needed.
- (vi) **Reporting** | Findings will be reported by the internal auditors to the AC on a quarterly basis and the same will be reported by the AC to the Board
- (vii) **Feedback** | Whistleblowers may receive feedback on the outcome of their complaint, where relevant.

If the AC is of the opinion the Whistleblower Protection Officer needs assistance to investigate the complaint, the AC will set up a Committee that can include internal or external personnel as the AC thinks fit.

11.8 Exemptions for the Procedure

Reporting/disclosures related to the following areas are not covered under the aforesaid procedure:

(i) Personal Work-Related Grievances:

This Policy does not apply to personal grievances that pertain to employment issues affecting the individual, including:

- Interpersonal conflicts between Employees.
- Decisions regarding engagement, transfer, or promotion.
- Terms and conditions of employment.
- Disciplinary actions, suspension, or termination due to performance.

Such concerns will be classified as “personal grievances” and should be directed to the Company’s Grievance Handling Guidelines.

(ii) False Disclosures:

This procedure is intended for genuine claims only. The Company takes false or malicious reports seriously, and disciplinary action may be taken against those who submit them.

11.9 Review and Update

This Policy shall be reviewed regularly by the AC to ensure that it remains relevant and aligned with best practices, and if required, amendments will be recommended from time to time to the Board for approval and adoption.

SECTION 12 - POLICY ON ANTI-BRIBERY AND ANTI-CORRUPTION

12.1 Objects of the Policy

The Company adopts a zero-tolerance stance towards bribery and corruption and is dedicated to conducting its business with the highest level of integrity and ethical standards. This Anti-Bribery and Anti-Corruption Policy outlines the Company's commitment to preventing, detecting, and addressing bribery and corruption. It expects all Employees, stakeholders, and third parties to avoid engaging in any form of bribery or corruption. This Policy ensures compliance with the Anti-Corruption Act No. 9 of 2023.

12.2 Definitions

- **“Anti-Corruption Act”** refers to the Anti-Corruption Act No. 9 of 2023, including any amendments.
- **“Bribery”** means the offer, solicitation, or acceptance of any gratification intended to influence the actions of a person in violation of the Anti-Corruption Act.
- **“Corruption”** means the misuse of a public official's office with intent or knowledge to cause wrongful or unlawful loss to the Government or any person, or to confer wrongful or unlawful benefit, favor, or advantage to oneself or others. This includes:
 - Bribery
 - Facilitation payments
 - Improper business practices
 - Actions or inactions by virtue of one's office
 - Inducing other public officials
 - Using confidential information
 - Influencing decisions for personal or business gain
- **Relevant Persons:** individuals and entities covered by this Policy, including employees, directors, service providers, suppliers, consultants, auditors.

12.3 Applicability

This Policy applies to:

- Employees
- Directors and officers
- Service providers, suppliers, consultants
- Auditors and officials of statutory bodies
- Spouses and dependents of the aforementioned
- Customers

12.4 Prohibition of Corruption

(i) General Prohibitions

Relevant Persons must not:

- offer, pay, promise, seek, or accept any payment, gift, favor, or anything of value that may improperly influence a public or private individual.
- request or receive bribes or improper advantages intended to influence decisions within the Company.
- offer meals, travel, entertainment, donations, sponsorships, employment, or political/charitable contributions in exchange for improper favors.
- forge or alter financial documents to misappropriate Company funds or assets.
- make fraudulent statements to gain personal benefits, such as falsely claiming overtime or expenses.
- misrepresent performance or delivery.
- misuse or misappropriate Company property, assets, or funds for personal gain.

(ii) Prohibited Payments

Prohibited payments include cash, benefits, favors, and, in certain circumstances, legitimate business expenditures such as gifts, entertainment, travel, donations, sponsorships, or training.

(iii) Donations and Sponsorships

The Company does not permit any donations or sponsorships that constitute illegal payments to government bodies, officials, private entities, or individuals.

(iv) Use of Company Property

Directors and employees must act in the best interests of the Company, avoiding the use of Company property, information, or position for personal gain.

12.5 Gifts and Hospitality

Gifts and hospitality are permitted only if they are reasonable, justifiable, and not intended to influence a third party or reward any business advantage. Gifts and hospitality must comply with local laws and customs and must not include cash or cash equivalents. All gifts and hospitality must be given openly and transparently and all discounted hospitality must be proportional and not repeatedly offered to the same party

12.6 Facilitation Payments and Kickbacks

Facilitation payments (small unofficial payments to expedite routine actions) and kickbacks are strictly prohibited. Employees must avoid any actions that could suggest such payments will be made or accepted.

12.7 Handling Extortion

In cases of blackmail or extortion where there is a threat to life or liberty, employees may make the payment but must report the incident immediately to their supervisor and the appropriate authorities.

12.8 Charitable Donations

Charitable donations made by the Company must be legal, ethical, and within the Company's governance framework. Donations should not be used to gain improper business advantages.

12.9 Books and Records

The Company will comply with all applicable laws, accounting standards, and internal procedures in recording and reporting financial records. Financial records must accurately reflect all transactions and the deployment of Company assets. All expenses must be properly documented and supported before reimbursement.

12.10 Third-Party Management

Third-party agents, consultants, distributors, subcontractors, or any other representatives must adhere to high standards of integrity and comply with this Policy. Prior to engaging with external stakeholders, the Company will conduct due diligence to ensure their anti-corruption practices align with this Policy and the Anti-Corruption Act.

12.11 Reporting Suspected Cases of Corruption

Employees must report any suspected violations to the management or other designated officer. Reports will be investigated promptly, and confidentiality will be maintained. Employees making good faith reports will be protected from retaliation.

12.12 Non-Compliance with this Policy

The AC will receive reports on non-compliance and breaches of this Policy will result in disciplinary action, including termination, in accordance with applicable laws and Company policies. The Company may terminate relationships with third parties found in violation and seek legal remedies as provided under the Anti-Corruption Act.

12.13 Miscellaneous

This Policy does not confer any contractual rights or benefits beyond what is outlined in employment contracts. Benefits described in this Policy are discretionary and not contractual.

12.14 Review and Update

The Policy will be reviewed periodically by the AC to ensure that it remains relevant and aligned with best practices, and if required, amendments to this Policy will be recommended from time to time to the Board for approval and adoption.