



POLICY ON BOARD COMMITTEES

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Company Secretary

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1. Introduction

1.1 The Board of Directors (the "Board") of Overseas Realty Ceylon PLC ("ORCL"), ensure that the following Board committees are established and maintained at a minimum and are functioning effectively.

The said Board committees at minimum shall include;

- Nomination and Governance Committee
- Remuneration Committee
- Audit Committee
- Related Party Transaction Review Committee

1.2 ORCL comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in the Listing Rules.

1.3 Other than the Committees stated in 1.1 ORCL shall establish ad hoc committees to support the Board as and when required.

1.4 The Chairperson of the Board of Directors of ORCL shall not be the Chairperson of the Board Committees referred to in Section 1.1 above.

2. Nominations and Governance Committee

2.1 ORCL shall have a Nominations and Governance Committee that conforms to the requirements set out in Listing Rule 9.11.

2.2 ORCL shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.

2.3 The Nominations and Governance Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.

2.4 Composition

(1) The members of the Nominations and Governance Committee shall;

(a) comprise of a minimum of three (03) Directors of ORCL, out of which a minimum of two (02) members shall be Independent Directors of ORCL.

(b) not comprise of Executive Directors of ORCL.

(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.

(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of ORCL.

2.5 Functions

The functions of the Nominations and Governance Committee shall include the following:

- (i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of ORCL. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

- (ii) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;
 - the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of ORCL and the discharge of the Board's overall responsibilities; and,
 - the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- (iii) Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of ORCL.
- (iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.
- (v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.
- (vi) Develop succession plan for Board of Directors and Key Management Personnel of ORCL.
- (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- (viii) Review and recommend the overall corporate governance framework of ORCL taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
- (ix) Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.
- (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

2.6 Disclosures in Annual Report

The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.

The said report shall include the following;

- (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members);
- (b) the date of appointment to the Committee;
- (c) whether a documented policy and processes are in place when nominating Directors;
- (d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years;
- (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;
- (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.
- (g) The following information regarding directors who are re-elected or being proposed for re-election during the year:
 - Board Committees served on (as a member or Chairperson),
 - Date of first appointment as a Director,
 - Date of last re-appointment as a Director,

- Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,
- Any relationships including close family relationships between the candidate and the directors, ORCL or its shareholders holding more than ten per-centum (10%) of the shares of ORCL.

(h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Section 2.5 above.

(i) Processes adopted by ORCL to inform the Independent Directors of major issues relating to the Entity;

(j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement;

(k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.

(l) A statement that the Directors of ORCL meet the criteria for determining independence.

(m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the ORCL's fail to comply with any provisions of such Rules, a statement explaining the reason for such noncompliance and the proposed remedial action taken for the rectification of such noncompliance.

3. Remuneration Committee

3.1 For the purposes of Listing Rule 9.12, the term “remuneration” shall make reference to cash and all non-cash benefits whatsoever received.

3.2 ORCL shall have a Remuneration Committee that conforms to the requirements set out in Listing Rule 9.12.

3.3 The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors’ remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.

3.4 Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.

3.5 Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.

3.6 Composition

(1) The members of the Remuneration Committee shall;

(a) comprise of a minimum of three (03) Directors of ORCL, out of which a minimum of two (02) members shall be Independent Directors of ORCL.

(b) not comprised of Executive Directors of ORCL.

(2) In a situation where both the parent company and the subsidiary are ‘Listed Entities’, the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.

(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.

3.7 Functions

(1) The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the ORCL and/or equivalent position thereof to the Board of ORCL which will make the final determination upon consideration of such recommendations.

(2) The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.

3.8 Disclosure in Annual Report

The Annual Report should set out the following:

(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);

(b) A statement regarding the remuneration policy; and,

(c) The aggregate remuneration of the Executive and Non-Executive Directors.

4. Audit Committee

4.1 ORCL do not maintain separate Committees to perform the Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of listing Rules.

4.2 The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.

4.3. Composition

(1) The members of the Audit Committee shall;

(a) comprise of a minimum of three (03) directors of ORCL, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.

(b) not comprise of Executive Directors of ORCL.

(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.

(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.

(4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary..

(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.

(6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of ORCL shall attend the Audit Committee meetings by invitation.

(7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.

4.4 Functions

(1) The functions of the Audit Committee shall include the following:

(i) Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.

(ii) Review the quarterly results and year-end financial statements of the Entity prior to tabling for the approval of the Board of Directors of the Entity with special reference to:

(a) changes in or implementation of major accounting policy changes;

(b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;

(c) compliance with accounting standards and other legal requirements;

(d) any related party transaction and conflict of interest situation that may arise within ORCL or group including any transaction, procedure or course of conduct that raises questions of management integrity;

(e) any letter of resignation from the external auditors of ORCL; and,

(f) whether there is reason (supported by grounds) to believe that the ORCL's external auditor is not suitable for re-appointment

(iii) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

(iv) Obtain and review assurance received from:

(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.

(v) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.

(vi) Oversee the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.

(vii) 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.

(viii) Review the risk policies adopted by the Entity on an annual basis.

(ix) Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of ORCL's policies and regulatory requirements.

(x) Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.

(xi) To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.

(xii) if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.

(xiii) Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of ORCL has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.

4.5 Disclosures in Annual Report

(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of ORCL. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.

(2) The Audit Committee Report shall contain the following disclosures:

(a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);

(b) The status of risk management and internal control of ORCL and as a Group (where applicable).

(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.

(d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.

(e) whether ORCL has a formal Audit Charter;

(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;

(g) Details demonstrating the effective discharge of its functions and duties for that financial year of ORCL;

(h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

(i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.

5. Related Party Transactions Review Committee

5.1 Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Section 5.

5.2 Composition

(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of ORCL, out of which two (02) members shall be Independent Directors of ORCL. It may also include executive directors, at the option of ORCL. An Independent Director shall be appointed as the Chairperson of the Committee.

(2) If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.

5.3 Functions

(1) Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out herein.

(2) The objective of these Rules on Related Party Transactions is to ensure that the interests of shareholders as a whole are taken into account by ORCL when entering into Related Party Transactions. These Rules further provide specific measures to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions.

(3) When applying these Rules on Related Party Transactions, the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality.

(4) The Related Party Transactions Review Committee shall establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations.

5.4 General Requirements

(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.

(2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.

(3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.

(4) If a Director of ORCL has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Section 5.4 (3), such Director shall not:

- (a) be present while the matter is being considered at the meeting; and,
- (b) vote on the matter.

5.5 Review of Related Party Transactions by the Related Party Transactions Review Committee

(1) Subject to the exemptions given in terms of Section 5.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.

(2) In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 5.5 (1) above, such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.

(3) The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable:

(i) the Related Party's relationship to ORCL and interest in the transaction;

(ii) the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;

(iii) the benefits of the proposed Related Party Transaction to ORCL;

(iv) the availability of other sources of comparable products or services; and

(v) an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.

(4) In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate:

(i) the facts and circumstances made available to it as set out above,

(ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/or Audit Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and

(iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules.

(5) No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.

(6) If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on a quarterly basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

5.6 Shareholder Approval

(1) Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transactions:

(A) If a non-recurrent transaction;

(i) Any Related Party Transaction of a value equal to, or more than:

(a) one third (1/3) of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity; or

(b) one third (1/3) of the Total Assets of the Entity as per the latest Audited

Financial Statements of the Entity, when aggregated with other nonrecurrent transactions entered into with the same Related Party during the same financial year.

(ii) If ORCL acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity or its associates.

(B) If a recurrent transaction;

Any recurrent Related Party Transaction of a value equal to, or more than:

(i) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity; or

(ii) one third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year;

And;

(iii) the transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public.

(2) In relation to Sections 5.6 (1) (A) (i) (b) and 5.6 (1)(B) (ii) above, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

(3) If a transaction requires shareholder approval as set out in the Rules above, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

5.7 Disclosures

(1) Immediate Disclosures

ORCL shall make an immediate Market Announcement to the Exchange;

(a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or

(b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.

Listed Entities shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.

The Market Announcement to the Exchange shall include:

(i) the date of the transaction or the period where applicable

(ii) the name of the relevant Related Party

(iii) the relationship between ORCL and the Related Party

(iv) details of the transaction including the amount, relevant terms of the transaction and the basis on which the terms were arrived at

(v) the rationale for entering into the transaction

(vi) the following statement:

“The Related Party Transactions Review Committee of the Entity is of the view that the transaction/s is/are on normal commercial terms, and is/are not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee is/is not (delete as applicable) obtaining an opinion from an independent expert prior to forming its view on the transaction.”

(vii) the aggregate value of the Related Party Transactions for the financial year with the particular Related Party whose transaction is the subject of the announcement and the aggregate value of all non-recurrent Related Party Transactions for the same financial year.

5.8 Disclosures in the Annual Report

(1) In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of ORCL, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual Report in the tabular format as set out below:

Name of Related Party	Relation	Value of the Related Party Transaction(s) entered into during the financial year	Value of Related Party Transaction(s) of Equity and as a % of Total Assets	Terms and Conditions of the Related Transaction(s)	The rationale for entering into the transaction(s)

(2) In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, ORCL must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the following tabular format:

Name of Related Party	Relation	Nature of Transaction(s)	Aggregate value of Related Transaction(s) entered into during financial year	Aggregate value of Related Transaction(s) as a % of Revenue/Income	Terms and Conditions of Related Party Transaction(s)

(3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:

- The names of the Directors comprising the Committee;
- A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors.
- The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.

(4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.

5.9 Acquisition And Disposal Of Assets From/To Related Parties

(1) Except for transactions set out in Section 5.10, ORCL shall ensure that neither the ORCL nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution. An asset is substantial if its value or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets of the Entity as per the latest Audited Financial Statements.

(2) If a transaction requires shareholder approval as set out in Section 5.9(1) above, such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

(3) Rule 5.9(1) does not apply to:

- a transaction between ORCL and a wholly owned subsidiary.
- a transaction between wholly owned subsidiaries of ORCL.
- a takeover offer made by ORCL in accordance with Takeovers and Mergers Code 1995 (as amended).
- any transaction entered into by ORCL with a Bank as principal, on arm's length terms and in the ordinary course of its banking business.

(4) The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of ORCL or who has a Significant Interest in or Financial Connection with ORCL or the relevant Related Party shall not be eligible to give such advice. For the purpose of this Rule;

"Significant Interest" means a shareholding carrying not less than 10% of the voting rights of ORCL.

"Financial Connection" means a relationship resulting in transaction value equivalent to 10% of the turnover of the ORCL or business.

(5) The competent independent advice obtained in terms of Section 5.9 (4) above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Section 5.9 (1) above.

(6) The competent independent advice required in terms of Section 5.9 (4) shall include:

- (a) the key assumptions, conditions or restrictions that impact the estimate value;
- (b) the different valuation methodologies considered and employed in valuing the subject asset/s and justification for adopting one or more of them in the valuation;
- (c) the sources of information relied upon for the valuation;
- (d) the identity of individuals participating in the valuation assignment and their qualifications;
- (e) statement confirming the independence of the parties participating in the advice;
- (f) a statement as to whether the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the ORCL and its shareholders as a whole.

5.10 Exempted Related Party Transactions

The following Related Party Transactions shall not fall within the ambit of these Rules:

(a) Subject to Section 5.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to- day operations of ORCL or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public.

(b) The payment of dividend, issue of Securities by ORCL by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of the Listing Rules), sub-division of shares or consolidation of shares.

(c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Section 5.6 of the Listing Rules).

(d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to ORCL at the time of the transaction.

(e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a company whose activities are regulated by any written law relating to licensed banks, finance companies or insurance companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka.

(f) Directors' fees and remuneration, and employment remuneration.

6. Definitions

For the purposes of Section 5.10;

“Related Party Transactions” shall have the same meaning as defined in the Sri Lanka Accounting Standards on Related Party Transactions.

“Related Party” shall have the same meaning as defined in the Sri Lanka Accounting Standards on Related Party Transactions.

“Total Assets” shall mean the aggregate value of both current assets and non-current assets of ORCL excluding any intangible assets. In the case of a group entity, consolidated total 25 Confidential assets are considered.

“Equity” shall mean net assets of ORCL excluding redeemable and/or non-convertible preference shares issued by ORCL. In the case of a group entity, consolidated net assets excluding the minority interest is considered.

“Recurrent Related Party Transactions” shall mean Related Party Transactions involving the provision of goods and services or financial assistance, which are carried out on a continuing basis. Recurring business is expected to extend over a period of time. Such transactions are usually transactions in the ordinary and usual course of business of ORCL.

“Same Related Party Transactions” shall mean transactions between ORCL or its fully owned subsidiaries and the related parties who are members of the same group.

7. Review and Revise

This policy shall be reviewed periodically to ensure alignment with corporate governance best practices and regulatory requirements. Amendments may be made when necessary.