

POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION

1. DEFINITIONS:

- ‘Company’: Ceylon Tobacco Company PLC
- ‘Companies Act’: Companies Act, No. 07 of 2007, as amended
- ‘CSE’: Colombo Stock Exchange
- ‘CEO’: Chief Executive Officer
- ‘Listing Rules’: Listing Rules of Colombo Stock Exchange
- ‘The Code’: Code of Best Practice on Corporate Governance of Sri Lanka 2023
- ‘SEC Act’: Securities and Exchange Commission Act No. 19 of 2021 (as amended)

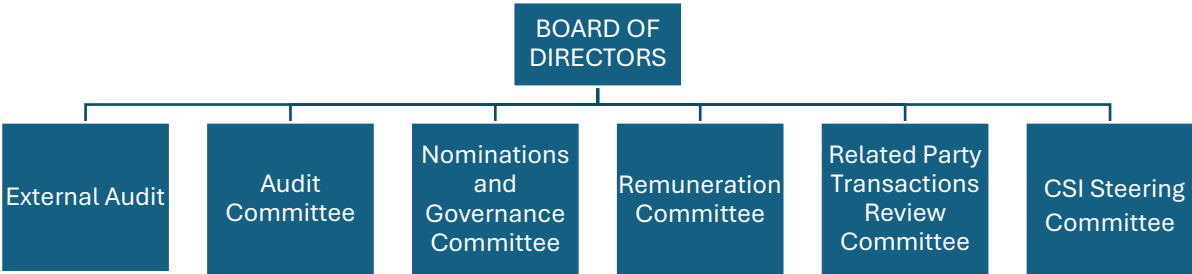
2. PURPOSE AND OBJECTIVE

The Policy on Corporate Governance, Nominations, and Re-election delineates the governance framework adopted by the Company. It complies with the stipulations of the Listing Rules, the Companies Act, the Code, Articles of Associations of the Company and other pertinent laws, regulations and guidelines, as applicable.

The objective of this policy is to ensure that the Company adheres to the highest standards of corporate governance, maintains a transparent and robust process for the nomination and re-election of directors, and complies with all relevant statutory and regulatory requirements.

3. GOVERNANCE STRUCTURE

The governance structure of the Company, as depicted below, includes several Board sub-committees with responsibility over specific areas, and promotes empowerment and accountability.



In addition to the mandatory sub-committees (as detailed under the Policy on Board Committees), the Company has also established an internal Corporate Social Investment (CSI) Steering Committee consisting of two Independent Non-Executive Directors, two Executive Directors, and, is chaired by an Independent Non-Executive Director. The CSI Steering Committee guarantees the identification and management of all environmental, social and governance priorities and ensures that business is conducted in a socially responsible manner.

4. NOMINATION PROCESS

The Nominations and Governance Committee (morefully described under the Policy on Board Committees) shall be responsible for identifying and recommending suitable candidates to be appointed to the Board, ensuring that nominations align with the Company's Articles of Association, Listing Rules and other relevant regulations.

4.1 Criteria for Nomination

4.1.1 Suitable candidates to the Board shall be evaluated by the Nomination and Committee, based on their reputation, qualifications, experience, potential to contribute to the Company's governance and ability to contribute to the Board's effectiveness.

4.1.2 The Nominations and Governance Committee would also consider diversity on the Board including gender, age and other factors relevant to the industry, when recommending new Directors to the Board.

4.1.3 Independence criteria of Independent Directors, as specified under the Listing Rules, should be closely followed when nominating an Independent Director to the Board.

4.1.4 Recommendation of Directors, as received from the Nominations and Governance Committee, shall be further reviewed by the Board.

4.2 Age Requirement for Directors

No person shall be capable of being appointed as a Director if, at the time of their appointment, they have attained the age of sixty-five years.

However, a person who has reached the age of sixty-five years may be appointed or reappointed as a Director if their appointment is made or approved by the Company at a General Meeting.

In such cases, the following steps must be adhered to:

4.2.1 The Nominations and Governance Committee may recommend the appointment or reappointment of directors of or above sixty – five years of age to the Board, considering the overall effectiveness of the Board and the individual director's contribution, despite their age.

4.2.2 The Board would further review such nominations received from the Nominations Committee, and if agreed, may decide to propose same for the approval of shareholders at an AGM.

4.2.3 Notice must be given by the Company to its shareholders of any such proposal to appoint a person as a Director who has reached the age of sixty-five years. The Notice shall explicitly state the age of the person concerned.

Any such appointment of a Director who has attained the age of sixty-five years shall be valid only until the conclusion of the next following Annual General Meeting (AGM), at which point the Director must be re-elected or retired in accordance with this policy.

5. RE-ELECTION OF DIRECTORS

5.1 Term of Office, Re-election Process, and Rotation of Directors

Directors shall serve in accordance with the terms specified in the Company's Articles of Association.

Directors shall be subject to re-election at intervals as required by the Listing Rules and the Articles of Association of the Company. Accordingly, one-third of the directors shall retire by rotation at each Annual General Meeting (AGM) and, if eligible and recommended by the Nominations Committee and by the Board, may offer themselves for re-election. Shareholders of the Company may approve such resolutions on re-election of Directors, at each AGM.

6. COMPLIANCE AND DISCLOSURE

6.1 Regulatory Compliance

The company shall ensure full compliance with the CSE Listing Rules, the Companies Act, the Articles of Association, and any other applicable regulations concerning corporate governance, nominations, and re-election.

6.2 Disclosure

The company shall disclose in its Annual Report the composition of the Board, details of the nomination and re-election processes, and any other relevant information as required by the Listing Rules and the Articles of Association of the Company.

7. QUESTIONS

All questions concerning the implementation of this policy are required to be addressed to the Assistant Company Secretary of the Company via ctc_inquiries@bat.com