



Black Hat Developers Corporation

Our Standards of Professional Practice

Published by Black Hat Developers Corporation

Revised and republished

This Constitution is adopted by the founders and members of Black Hat Developers Corporation (Private Limited), a company incorporated under the Companies Act, No. 7 of 2007 of Sri Lanka, to establish a comprehensive framework for governance, ownership, management, and ethical operation of the Company.

Black Hat Developers

An Induwara Jayasinghe Holdings Company Limited

Chapter 09

ARTICLE 37

Executive Stock Ownership Policy

37.1 Purpose and Philosophy

The Board of Directors of Black Hat Developers Corporation (Private Limited) (“the Company”), acting through its Compensation Committee, believes that executive officers should maintain a meaningful personal financial interest in the long-term success of the Company.

This Executive Stock Ownership Policy (“Policy”) is intended to:

- (a) align the interests of executive leadership with those of shareholders;
- (b) promote long-term decision-making and sustainable value creation;
- (c) reinforce accountability and ownership-minded leadership; and
- (d) strengthen confidence among shareholders, employees, and stakeholders.

37.2 Covered Executives

This Policy applies to members of the Company’s Senior Leadership Team, including:

- (a) the Chief Executive Officer (CEO);
- (b) other executive officers designated by the Board or Compensation Committee; and
- (c) any additional senior executives expressly designated as covered under this Policy (collectively, “Covered Officers”).

The Compensation Committee shall maintain and periodically review the list of Covered Officers.

37.3 Minimum Ownership Requirements

Each Covered Officer is required to achieve and maintain a minimum level of equity ownership in the Company, expressed as a multiple of base annual salary.

Role	Minimum Ownership Requirement
Chief Executive Officer (CEO)	10 times base annual salary
Other Covered Officers	4 to 6 times base annual salary, as determined by the Compensation Committee

The Compensation Committee may adjust these multiples from time to time based on the Company’s size, capital structure, growth stage, and market practices.

37.4 Method of Compliance and Retention Requirement

37.4.1. Until a Covered Officer satisfies the applicable minimum ownership requirement, the Covered Officer shall retain at least fifty percent (50%) of all net shares (after applicable taxes or statutory deductions) acquired through:

- (a) vesting of equity awards;
- (b) exercise of options; or
- (c) any other equity-based incentive granted by the Company.

37.4.2. Once the minimum ownership requirement has been achieved, the Covered Officer must continue to hold sufficient shares at all times to remain in compliance with the required ownership level.

37.4.3. If a Covered Officer becomes subject to this Policy for the first time, or becomes subject to a higher ownership requirement due to promotion or role change, the revised requirement shall become effective thirty (30) days after such change.

37.5 Determination of Ownership Levels

37.5.1. Minimum ownership levels shall be calculated annually by the Compensation Committee based on:

- (a) the Covered Officer's base salary as at the end of the Company's financial year; and
- (b) the fair value of the Company's shares, as determined by the Board using a reasonable and consistently applied valuation methodology appropriate for a private company.

37.5.2. For newly appointed Covered Officers, ownership levels shall be calculated using:

- (a) the base salary applicable on the effective date; and
- (b) the most recent Company share valuation approved by the Board.

37.6 Compliance Review and Monitoring

37.6.1. Compliance with this Policy shall be assessed:

- (a) within thirty (30) days after an individual first becomes a Covered Officer or becomes subject to a higher ownership requirement; and
- (b) annually thereafter as part of the Company's executive compensation review process.

37.6.2. Covered Officers shall be periodically notified of:

- (a) their required ownership level;
- (b) their current qualifying shareholdings; and
- (c) whether additional shares must be retained to achieve or maintain compliance.

37.7 Qualifying Equity Interests

For purposes of determining compliance with this Policy, the following equity interests shall count toward the ownership requirement:

- (a) shares held directly by the Covered Officer, whether acquired through equity awards, option exercises, or private purchases approved by the Company;

- (b) shares held by the Covered Officer's spouse or dependent children;
- (c) shares held in trust or similar legal arrangements for the economic benefit of the Covered Officer or their immediate family; and
- (d) shares held through any Company-approved employee share or equity participation scheme.

Unvested equity awards, unexercised options, or contingent rights shall not count toward ownership unless expressly approved by the Compensation Committee.

37.8 Exceptions and Hardship Relief

The Compensation Committee may, in exceptional circumstances, grant temporary or permanent exceptions to this Policy if strict compliance would:

- (a) create severe financial hardship;
- (b) conflict with a legally binding court order (including matters arising from divorce or inheritance);
or
- (c) otherwise be impractical or inequitable in the Committee's judgment.

Any such exception shall be documented, reviewed periodically, and disclosed to the Board.

37.9 Administration and Interpretation

37.9.1. The Compensation Committee shall have full authority to interpret, administer, and enforce this Policy.

37.9.2. Decisions of the Compensation Committee under this Policy shall be final and binding, subject to applicable law and the Company's governance documents.

37.9.3. This Policy shall be interpreted in a manner consistent with:

- (a) the Constitution and Bylaws of the Company;
- (b) the Company's Corporate Governance Guidelines; and
- (c) applicable laws and regulations of the Democratic Socialist Republic of Sri Lanka.

37.10 Review and Amendment

The Compensation Committee shall review this Policy periodically and recommend amendments to the Board as necessary to reflect changes in law, business conditions, or governance best practices.

CONCLUSION AND RATIFICATION

This Constitution constitutes the complete, final, and authoritative governing instrument of the Company. It consolidates and supersedes, to the fullest extent permitted by law, all prior constitutions, memoranda, articles, internal rules, policies, informal practices, resolutions, understandings, and representations relating to the governance, management, powers, duties, and operations of the Company.

This Constitution has been established to ensure clarity of authority, continuity of leadership, protection of intellectual, commercial, and proprietary assets, ethical conduct, accountability, and the long-term sustainability of the Company, while preserving the foundational vision, strategic intent, and proprietary interests upon which the Company was formed.

All Chapters and Articles contained herein shall be read and construed harmoniously as a single, integrated instrument. No provision shall be interpreted in isolation in a manner that undermines the purpose, spirit, or intent of this Constitution. Where interpretation is required, such interpretation shall be guided by:

- the best interests of the Company;
- strict compliance with the Companies Act, No. 07 of 2007 of Sri Lanka and all other applicable laws;
- the preservation of corporate integrity, operational stability, and strategic control.

Unless expressly stated otherwise, the powers, rights, and authorities conferred by this Constitution are continuous and enduring, and shall not lapse or be diminished by reason of non-use, silence, change of personnel, restructuring, or passage of time.

This Constitution shall take full force and legal effect upon its formal ratification by the Company in accordance with applicable law, and shall thereafter be binding upon:

- the Company;
- all present and future shareholders;
- all directors and officers;
- all employees, contractors, and agents;
- all successors, assigns, and lawful representatives.

No custom, practice, agreement, or course of dealing shall amend, override, or derogate from this Constitution except in strict accordance with the amendment provisions set forth herein and duly authorized by the appropriate governing authority of the Company.

By operating pursuant to this Constitution, the Company affirms its commitment to lawful governance, responsible leadership, protection of innovation, and the disciplined exercise of corporate authority.

FORMAL RATIFICATION

This Constitution is hereby irrevocably ratified, approved, confirmed, and declared effective by a resolution of the Company duly passed in strict compliance with all applicable laws, regulations, and statutory requirements. Upon such ratification, this Constitution shall take immediate and continuing legal effect and shall constitute the sole, final, conclusive, and supreme governing instrument of the Company.

This ratification shall be conclusive and binding evidence of the lawful authority under which this Constitution is established and of the Company's unconditional intention to be governed exclusively by its provisions. No act, omission, custom, practice, agreement, representation, or course of dealing shall give rise to any implied amendment, waiver, estoppel, or derogation from this Constitution.

ENFORCEMENT, NON-DEROGATION, AND CONTROL

1. Non-Derogation

No right, power, authority, or protection conferred by this Constitution shall be limited, suspended, diminished, or overridden except strictly in accordance with an express amendment duly authorized under this Constitution and permitted by law.

2. Waiver of Implied Rights

To the fullest extent permitted by law, all persons subject to this Constitution expressly waive any claim to implied rights, equitable relief, customary practices, or interpretations inconsistent with its express terms.

3. Anti-Challenge Clause

The validity, authority, enforceability, and binding effect of this Constitution shall not be challenged, questioned, or contested on the basis of prior documents, informal arrangements, historical practices, or alleged understandings, whether written or oral.

4. Founder Authority Confirmation

The authority, rights, and powers vested in the Founder under this Constitution are hereby expressly affirmed and acknowledged as intentional, fundamental, and integral to the governance structure of the Company, and shall not be construed narrowly or restrictively.

5. Continuity and Perpetuity

This Constitution shall remain binding in perpetuity, subject only to lawful amendment in strict accordance with its provisions, and shall survive any change in ownership, management, control, structure, or legal status of the Company.

This ratification is made with full corporate capacity, authority, knowledge, and intent, without reservation, condition, or limitation, and is effective against all persons to whom this Constitution applies.

FOUNDER & CHIEF EXECUTIVE OFFICER:

Induwara P. Jayasinghe

Founder and CEO of Black Hat Inc., Clidder LLC, and Black Hat Developers, with additional affiliations to Jayasinghe Brothers Holdings PLC

DATE OF RATIFICATION: 2025.04.06

PLACE OF RATIFICATION: 1 Black Hat Way, Mountain View, Jayasinghe Park

AUTHORIZED SIGNATURE: 

END OF CONSTITUTION