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# POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

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## Document Control

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## 1. Introduction

This policy outlines the roles, responsibilities, and conduct expected of board members to ensure effective oversight and strategic direction. It encompasses guidelines on board composition, meeting procedures, conflict of interest management, and performance evaluation. By defining these parameters, the policy aims to promote transparency, accountability, and sound decision-making, thereby supporting the company's long-term success and adherence to regulatory and ethical standards.

## 2. Objectives of the Policy on Matters Relating to the Board of Directors

- 2.1 Ensure Effective Governance:** To establish clear guidelines and procedures that support the efficient operation and oversight of the Board, promoting effective governance and decision-making.
- 2.2 Define Roles and Responsibilities:** To delineate the specific roles and responsibilities of Board members, including the Chairperson and the Chief Executive Officer, ensuring clarity and accountability in their functions.
- 2.3 Promote Regular and Effective Meetings:** To mandate regular Board meetings and ensure that such meetings are conducted with active participation from the majority of directors, fostering thorough discussion and decision-making.
- 2.4 Facilitate Performance Evaluation:** To implement procedures for the regular appraisal of both the Board's overall performance and the performance of individual directors and the CEO, supporting continuous improvement and accountability.
- 2.5 Enhance Board Composition and Balance:** To maintain an appropriate balance between Executive and Non-Executive Directors, ensuring a diverse and effective Board composition that reflects a wide range of perspectives and expertise.
- 2.6 Support Compliance and Best Practices:** To align Board practices with relevant regulatory requirements and corporate governance best practices, ensuring legal and ethical compliance.
- 2.7 Encourage Transparent Communication:** To promote open and transparent communication among Board members, fostering an environment where issues are addressed constructively and decisions are made with full information.

## 3. Board Composition

The number of Directors on the Board shall not be less than 7 and not more than 13, subject to the statutes. Board of Directors and the CEO are appointed by the board, with the recommendation of the Board Nominations and Governance Committee, and with the relevant statutory approvals.

## 4. Balance of Representation Between Executive and Non- Executive Directors

The Board acknowledges the importance of maintaining a proper equilibrium between Executive and Non-Executive Directors. This includes ensuring a well-rounded board composition, clearly defining the roles and responsibilities of the Chairperson and the Chief Executive Officer (CEO), and establishing a balanced and effective governance structure. Additionally, the Board is committed to implementing robust procedures for evaluating both the overall performance of the Board and the performance of the CEO, to support transparency and accountability in its operations.

## 5. Frequency Of Board Meetings

Consistent with the Corporate Governance guidelines set forth by CBSL, the Board is required to convene meetings on a regular basis, with a minimum of twelve meetings scheduled annually at roughly monthly intervals. These meetings should typically involve the in-person participation of a majority of the eligible directors. The use of written resolutions or papers to obtain the Board's consent should be minimized to the greatest extent possible, emphasizing direct engagement during meetings.

## 6. Maximum Number of Directorships in Listed Companies

As per section 3.11 of the CBSL Corporate Governance Direction – the board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a FC shall not hold office as a director or any other equivalent position (shall include alternate directors) in more than 20 companies /societies/bodies, including subsidiaries and associate of the FC.

## 7. Policy reviewing frequency

This Policy shall be reviewed at least two years, to ensure it is in accordance with the Laws, Directions and Guidelines issued by Regulatory Authorities.