



POLICY ON BOARD COMMITTEES

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1. Introduction

This policy outlines to maintain the structure, responsibilities, and operations of the board sub committees of Asia Asset Finance PLC (the “Company”). The sub-committees ensure effective governance, and compliance with regulatory requirements and corporate best practices of the Company This policy applies to all board sub committees of the Company as follows:

- Board Audit Committee
- Board Integrated Risk Management Committee
- Human Resources and Remuneration Committee
- Nominations and Governance Committee
- Related Party Transaction committee
- Credit and Recovery Committee
- IT Steering Committee

Chairperson of the Board cannot be the Chairperson of any of the 4 mandatory Board Committees

- Board Audit Committee
- Board Integrated Risk Management
- Nomination and Governance Committee
- HR and Remuneration Committee
- Related Party Transactions Review Committee

2. Establishment of Committees

All the board committees govern by its Terms of Reference and as per the relevant Rule and Regulations

2.1 BOARD AUDIT COMMITTEE (BAC)

1. The Chairperson of the Board shall not be the Chairperson of the Board Audit Committee The chairperson of BAC shall be an independent director who possesses qualifications and experience in accountancy and/or audit and other members shall be non-executive directors and the majority shall be independent directors.

3. The Chief Executive Officer, Chief Financial Officer and other Executives shall the attend the board audit committee meetings by invitation.

4. the Company maintains a separate Board Integrated Risk Management Committee as required by section 10.3 of Finance Business Act Direction No. 05 of 2021 Corporate Governance (the “Direction”)

4. BAC shall meet the external auditors every quarter, without any other directors/senior management being present.

2.1.1. The composition and quorum

The quorum of the meeting shall be a majority of those in attendance to be independent directors. .

2.1.2. Frequency of Meetings

Meetings shall be held the periodicity will be monthly

2.1.3. Functions and Responsibilities

- I. Monitoring the procedures in place to ensure the Company is in compliance with the Finance Business Act, , CBSL Regulations, CSE Listing Rules, Code of Best practice of Chartered Accountants and other legislative and reporting requirements.
- II. The company follows the responsibilities of the BAC according in terms of section 10.2 of the Direction and the in terms of rule 9.13.4 of corporate governance in Listing Rules.
- III. Status of risk management and internal control will be discussed at the BIRMC and specified in the policy Risk management and internal control

2.2. BOARD INTEGRATED RISK MANAGEMENT COMMITTEE (BIRMC)

The purpose of the BIRMC is to provide independent analysis of the Company's risk management of its operations. The committee shall assess the impact of risks, including credit, market, liquidity, operational, strategic, compliance and technology, to the Company through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.

2.2.1. The composition and quorum

The quorum of the meeting shall be a majority of those in attendance to be non- executive directors.

The BIRMC shall be chaired by an independent director. The Board members appointed to BIRMC shall be non-executive directors with knowledge and experience in banking, finance, risk management issues and practices. The CEO and Chief Risk Officer (CRO) may attend the meetings upon invitation. The BIRMC shall work with senior management closely and make decisions on behalf of the Board within the framework of the authority and responsibility assigned to the committee.

2.2.2. Frequency of Meetings

The Committee will meet at least twelve times per year. Additional meeting can be held as felt required by Chairman of the Committee

2.2. Responsibilities

- I. The company follows the responsibilities of the BIRMC according in terms of section 10.3 of the Direction and the prefer the risk assessments/discussion in audit function in terms of rule 9.13.4 of corporate governance in Listing Rules.

2.3. NOMINATIONS AND GOVERNANCE COMMITTEE

The Nomination Committee constitute as Nominations and Governance Committee with effect 1st October 2024. The committee follows the guidelines of in line with the section 9, Corporate Governance of the Listing Rules Section 10.4 of the Direction. Finance Business Act Direction No. 05 of 2021 and the Rule 9 of the CSE

2.3.1. The composition and quorum

The quorum of the meeting shall be minimum 3 non-executive directors and majority shall be independent directors.

2.3.2. Frequency of Meetings

The Committee will meet at least once a year.

2.3.3. Functions and Responsibilities

- I. The company follows the responsibilities of the Nominations and Governance Committee according in terms of section 10.4 of the Direction and Rule 9.11.5 of corporate governance in Listing Rules.
- II. The following details available in the corporate governance, nomination and reelection policy.
 - Names and dates of appointment of Chairperson and Committee members
 - Requirement for re-election of directors
 - Periodic evaluations on performance of Board
 - Processes adopted to inform the Independent Directors of major issues relating to the Company

2.4. HR AND REMUNERATION COMMITTEE

The committee is ensuring that the human resources arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of staff while complying with the requirements of regulatory and governance bodies, satisfying the expectations of its members and remaining consistent with the expectations of the wider target employee population.

2.4.1. The composition and quorum

The quorum of the meeting shall be minimum 3 non-executive directors and majority shall be independent non-executive directors.

2.4.2. Frequency of Meetings

The Committee will meet at least once a year.

2.4.3. Functions and Responsibilities

The company follows the responsibilities of the Nominations and Governance Committee according in terms of section 10.5 of the Direction and Rule 9.12.7 of corporate governance in Listing Rules.

The director's remuneration will refer in the policy on remuneration

2.5. RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

The RPTRC shall be prior reviewed and recommended the all related party transactions of the Company.

2.5.1. The composition and quorum

The quorum of the meeting shall be a minimum of three. The chairperson shall be an independent director, and the members shall consist of non-Executive Directors

2.5.2. Frequency of Meetings

The Committee will meet at least once a calendar quarter.

2.5.3. Functions and Responsibilities

The company follows the responsibilities of the RPTRC according in terms of section 12 of the Direction and Rule 9.14.3 of corporate governance in Listing Rules.

2.6. CREDIT AND RECOVERY COMMITTEE

The Company's reviewed and recommended all the credit facilities and recovery arrangements discussed and make decisions by the committee.

2.6.1. The composition and quorum

The quorum of the meeting shall be 3 members thereof, present in person, one being a non- Executive Director.

2.6.2. Frequency of Meetings

The Committee will meet at least once a month.

2.6.3. Functions and Responsibilities

- I. Maintain the credit standards of the Company to be in line with the Company's product policies, Board instructed directions, and regulatory requirements
- II. Consider Credit worthiness of the clients individually and the ability to repay the loan
- III. Approve facilities to be in line with the Credit Policy
- IV. Review and recommend credit risk management product policies including with respect to portfolio concentration
- V. Ensure that the systems established by the Board to identify, assess, manage and monitor loans are designed and operating effectively

2.7. IT STEERING COMMITTEE

The IT Steering Committee is an advisor to the Board and management on current and future information technology-related issues. It assists the Board in governing and overseeing Company's information technology-related matters.

2.7.1. The composition and quorum

The quorum of the meeting shall be 3 members thereof, present in person, one being a non- Executive Director. The head of IT must be present at the meeting.

2.7.2. Frequency of Meetings

The Committee will meet at least quarterly. A majority of the Committee shall constitute a quorum.

2.7.3. Functions and Responsibilities

The Committee has been empowered to:

1. Provide guidance on the overall IT strategy and monitor the progress
2. Review IT capital and annual expenditure budgets and significant IT investment decisions, prior to them being sent to the Board of Directors for approval
3. Review formulations and amendments to IT policies and procedures and periodically assess the effectiveness of implementation and adherence.
4. Provide guidance in strengthening systems and processes in relation to technology risk management and resilience
5. Scan emerging technology, advise on digital transformation initiatives, and its potential use for competitive advantage and risk mitigation.
6. The Committee assists the Board by providing "expert" insight and timely advice and discussion, where appropriate, on the following objectives:
7. Strategic alignment with focus on aligning business and IT strategies
8. Value delivery, concentrating on optimizing expenses and proving the value of IT

9. Resource management optimizing IT related knowledge and resources
10. Monitoring Digital transformation strategy and initiatives, with the aim of driving business to strategically reposition in digital economy
11. Performance management, monitoring IT enabled investment and service delivery

3. REVIEW, MONITOR AND UPDATE OF THE POLICY

As the owner of the policy, Compliance officer shall be responsible to review the policy at least annually or more frequently as necessary. Any changes and amendments should be documented with rationale and to be presented to the Nomination and Governance committee for review and approval.

4. Disclosures

The relevant disclosures of the subcommittees will be included in the policy on corporate disclosures