



Policy on Matters Relating to the Board of Directors

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Introduction

The Board of Directors (the “Board”) of Asia Asset Finance PLC (the “Company”) acknowledges the vital role of good corporate governance and corporate social responsibility in enhancing stakeholder trust. This policy outlines the governance framework that the Board shall adhere to, ensuring compliance with applicable laws and ethical standards including Finance Business Act Direction No.05 of 2021, Finance Business Act Direction No.06 of 2021 Assessment of Fitness and Propriety of Key Responsible Persons and the amendments to rule 7.10 and section 9 of the Listing Rules of the CSE. By following these guidelines, the Board aims to protect and promote the interests of shareholders, and all stakeholders associated with the company.

Core Values

The Company is committed to upholding core values that reflect integrity, transparency, and accountability. These values guide the conduct of the Board and reinforce the importance of ethical decision-making in all aspects of the company’s operations. The Board's commitment to these principles strengthens stakeholder confidence and supports the company’s long-term objectives.

Board Composition

The composition of the Board shall include a minimum of seven (7) Directors and a maximum of thirteen (13), as mandated by the Finance Business Act Direction No.01 of 2021 Corporate Governance and according to the amended section 9 of the Listing Rules of the CSE, the minimum number of Directors are five (5). This structure ensures a diverse range of perspectives, skills, and experiences that contribute to informed decision-making. The roles of the Chairperson and the Chief Executive Officer (CEO) shall be distinctly defined to prevent a concentration of power. The Chairperson shall facilitate Board meetings and ensure effective communication between the Board and management, while the CEO shall focus on the company’s operational management and strategy execution.

Executive Directors – The number of executive directors shall not exceed $\frac{1}{3}$ rd of the total number of directors of the Board,

Non-Executive Directors – The number of independent directors of the Board shall be at least $\frac{1}{3}$ rd of the total number of directors. The non-independent directors who exceeded 9 years of services shall not exceed $\frac{1}{4}$ of the total number of directors.

Quorum - the number of directors required to constitute the quorum at such meeting is present, unless at least one fourth ($\frac{1}{4}$) of the number of directors that constitute the quorum at such meeting are independent directors.

Maximum Number of Directorships

In accordance with the guidelines set forth by the Central Bank of Sri Lanka (CBSL), no Director shall hold directorships in more than twenty (20) companies, including subsidiaries and associate entities. This limitation is intended to ensure that each Director can dedicate adequate time and attention to their responsibilities at Asia Asset Finance PLC.

Frequency of Board Meetings

The Board shall convene at least twelve (12) times annually, with meetings scheduled approximately monthly. Regular participation of the majority of Directors is expected to foster robust discussions. The Company conduct board meetings and shareholder meetings via virtual platform as permitted by the article of the association the Company, While the use of technology for virtual attendance is permissible, the Board aims to minimize reliance on written resolutions, encouraging thorough deliberation on agenda items.

The board of directors' review and be aware all the decision and approval recommended by the board subcommittees.

Frequency of attendance of the board members for the meeting

A director who has not attended at least two-thirds ($\frac{2}{3}$) of the meetings in the period of 12 months immediately preceding or has not attended three consecutive meetings held, shall cease to be a director. Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance, subject to applicable directions for alternate directors.

Mechanisms to ensure that Directors are kept abreast of the Listing Rules

A director shall abstain from voting on any Board resolution in relation to a matter in which such director or relative or a concern in which he has substantial interest, is interested, and he shall not be counted in the quorum for the relevant agenda item in the Board meeting.

Responsibilities Chairperson and the Chief Executive Officer

The Chairperson of every listed entity shall be an Independent Non- Executive Director, and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise

a Senior Independent Director (SID) is appointed by the Company. If the Company appoint SID to the Company, will follow to prepare Terms of Reference including functions accordingly.

Responsibilities of the Chairperson

The responsibilities of the Chairperson shall at least include the following as per the Corporate Governance Direction of Central Bank of Sri Lanka while covering other responsibilities with the other regulations

- a) Provide leadership to the Board.
- b) Maintain and ensure a balance of power between executive and non-executive directors.
- c) Secure effective participation of both executive and non-executive directors.
- d) Ensure the Board works effectively and discharges its responsibilities.
- e) Ensure all key issues are discussed by the Board in a timely manner.
- f) Implement decisions/directions of the regulator.
- g) Prepare the agenda for each Board Meeting and may delegate the function of preparing the agenda and to maintaining minutes in an orderly manner to the company secretary.
- h) Not engage in activities involving direct supervision of senior management or any other day to day operational activities.
- i) Ensure appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.
- j) Annual assessment on the Performance and the contribution during the past 12 months of the Board and the CEO.

Responsibilities of the Chief Executive Officer (CEO)

The responsibilities of the CEO shall at least include the following as per the Corporate Governance Direction of Central Bank of Sri Lanka while covering other responsibilities with the other regulations

The CEO shall function as the apex executive-in-charge of the day-to-day- management of the FC's operations and business. The responsibilities of the CEO shall at least include:

- k) Implementing business and risk strategies in order to achieve the FC's strategic objectives.
- l) Establishing a management structure that promotes accountability and transparency

throughout the FC's operations and preserves the effectiveness and independence of control functions.

- m) Promoting, together with the Board, a sound corporate culture within the FC, which reinforces ethical, prudent and professional behavior.
- n) Ensuring implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.
- o) Strengthening the regulatory and supervisory compliance framework.
- p) Addressing the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.
- q) CEO must devote the whole of the professional time to the service of the FC and shall not carry on any other business, except as a non-executive director of another company, subject to Direction 3.10 corporate governance Direction

Trading in Securities

Directors are required to notify the Company Secretary immediately upon executing any trades in the company's securities. Upon such situation such trading in securities should be disclose to the public by market announcement in Colombo Stock Exchange website.

Conflict of Interest Management

Directors must proactively identify and disclose any actual or potential conflicts of interest. Full disclosure should be made to the Company Secretary via an annual disclosure form and immediately upon the emergence of any conflict. The Board shall evaluate these disclosures impartially and ensure that any Director with a conflict abstains from voting on related matters. A Conflict-of-Interest Register shall be maintained to document identified conflicts and the actions taken to manage them effectively.

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.

“Any information to be directed” to the board of directors please contact Company Secretary by using following details. The request direct to the Board of Directors through CEO.

Address – No. 76, Park Street, Colombo 2
Contact No- 0117 699 000

E-mail – companysecretary@asiaassetfinance.lk