



POLICY ON CORPORATE GOVERNANCE, NOMINATIONS, AND RE-ELECTION

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1. Introduction

This Policy on Corporate Governance, Nominations, and Re-Election establishes the framework for governance at Asia Asset Finance PLC (the “Company”), a publicly listed finance company in Sri Lanka. It aims to ensure accountability, transparency, and ethical conduct in all aspects of the company's operations, particularly in the selection while maintaining good governance and re-election of Board members according to the Company’s article of association, Companies Act No. 07 of 2007, Code of Best Practice on Corporate Governance of Chartered Accountants, Listing Rules, Finance Business Act Direction No. 05 of 2021 Corporate Governance, Finance Business Act Direction No. 06 of 2021 Assessment of Fitness and propriety of key management persons and any other relevant rule and regulations.

2. Scope, Authority & Functions

Scope and Authority

The scope of the activities covers of the Nominations and Governance committee as follows:

- a) The appointment, re- designation, re-election, retired by rotation of directors
- b) Demonstrate effective implementation of policies and processes of appointment and re-appointment of Directors
- c) Board diversity in the range of experience, skills, age, and gender
- d) Periodic evaluations on performance of Board
- e) A statement that the Entity has met the criteria to determine independence
- f) A statement that the Entity has met the Corporate Governance requirements; where deviations identify, the remedial actions
- g) Processes adopted to inform the Independent Directors of major issues relating to the Company
- h) The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.
- i) Disclose the information to the public through market announcement and the annual report of the Company.

Functions

The Company follows the functions of the Nominations and Governance Committee according in terms of section 10.4 of the Finance Business Act Direction No. 05 of 2021 Corporate Governance, and Rule 9.11.5 of corporate governance in Listing Rules.

Declaration by the Board of Directors that.

- declared all material interests in contracts
- conducted a review of the internal controls covering financial, operational and compliance controls and risk management
- made arrangements to make themselves aware of applicable laws, rules and regulations
- disclosure of any non-compliance with law/regulation and any fines, which are material
- Conflict of Interest
- The committee shall actively manage conflicts of interest to maintain the integrity of the Board by:

3. Re – Election

In accordance with article of association of the Company directors fill the casual vacancy of the director's appointment and reelect and the longest director will be reappointment at the annual general meeting

In accordance with finance Business Act Director No. 5 of 2021 Corporate Governance, regarding the re-appointment of Directors based on their performance evaluations and those Directors who continue to meet fit and proper criteria and contribute meaningfully to the Board's objectives will be recommended for re-appointment of Non-executive directors, who directly or indirectly holds more than 10% of the voting rights or who appointed to represent a shareholder who directly or indirectly holds more than 10% of the voting rights by producing sufficient evidence are eligible to hold office exceeding 9 years of service with prior approval of Director, Department of Supervision of Non-Bank Financial Institutions subject to provisions contained in direction 4.2 and 4.3. Provided, however number of non- executive directors eligible to exceed 9 years are limited to one-fourth($\frac{1}{4}$) of the total number of directors of the Board.

The total period of service for a Director, excluding those holding the position of CEO or executive director, shall not exceed nine years as per the Finance Business Act Directions No.05 of 2021 Corporate Governance.

4. Board Evaluations and Review

To maintain high standards of governance, the Nominations and Governance Committee shall:

- I. Conduct regular evaluations of both individual Directors and the overall effectiveness of the Board. This process will identify strengths and areas for improvement, contributing to the Board's continuous enhancement.
- II. Review the governance framework of the Company

- III. In compliance with Rule 9.7.3 of the listing rules, and Finance Business Act Direction No. 05 of 2021 Corporate Governance, the committee shall ensure that all Directors and the CEO meet the necessary fit and proper criteria to hold their respective offices. This includes a thorough evaluation of their qualifications, experience, integrity, and suitability for the role.
- IV. Key Management Personnel (KRP) - That all KRP's fulfill the required fit and proper criteria, as established in 9.7.3 of the listing rules, and Finance Business Act Direction No. 05 of 2021 Corporate Governance, this includes evaluating their leadership capabilities, professional background, and integrity.
- V. Succession Planning: Establishing a succession plan for key executive roles to ensure continuity

5. 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.

6. Disclosures

The relevant corporate disclosures included in the terms of reference of the Nominations and Governance Committee and the policy on corporate disclosures