



POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

SOFTLOGIC FINANCE PLC

2024

Version 1.0

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1. PURPOSE AND SCOPE

The Policy on Matters Relating to the Board of Directors outlines the guidelines and procedures for matters relating to the Board of Directors ("Board") of Softlogic Finance PLC ("the Company"). The Board plays a crucial role in overseeing the organization's strategic direction, financial management, and overall governance. This policy aims to ensure effective governance, transparency, accountability and effective communication within the Board and between the Board and management.

2. COMPOSITION AND STRUCTURE

- 2.1 The size of the Board, independent directors' composition and other aspects pertaining to composition and structure must adhere to the guidelines outlined in the Articles of Association of Softlogic Finance PLC. The minimum number of directors of the board shall consist of not less than seven in compliance with CBSL directives.
- 2.2 Require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.

3. RESPONSIBILITIES OF THE BOARD

The Board's role is to provide entrepreneurial leadership of the company within the framework of prudent and effective controls which enables risk to be assessed and managed. These responsibilities include;

- Define and review the Organization's mission, goals, and strategic objectives
- Oversee and approve the annual budget and financial statements
- Appointing of Managing Director or equivalent executive leader and evaluate the strategy of the Corporate Management
- Establish and periodically review organizational policies and procedures
- Monitor and assess the Organization's performance against established goals
- Comply with the legal statutes of the country and the regulations pertinent to the business entity

4. CHAIRPERSON AND MANAGING DIRECTOR / CEO

There should be a clear division between the Chairman and Managing Director/ CEO and two persons should be appointed as Chairman and Managing Director / CEO.

In a situation where the Company decides to combine the role of the Chairperson and CEO;

- i. set out the rationale for combining such positions; and,
- ii. require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest.
- iii. set out the measures implemented to safeguard the interests of the SID

5. MEETINGS

- 5.1 The Board should meet regularly, and Board meetings should be held at least once a month in a financial year in compliance with the CBSL directives.
- 5.2 Meetings may be conducted in person, by telephone, or through virtual means, as deemed appropriate by the Board.
- 5.3 The quorum requirements outlined in the articles of association shall apply on Board meetings.
- 5.4 The regulations set forth in the articles of association will be applicable to ensure the presence of directors at board meetings.

6. BOARD COMMITTEES

- 6.1 The Board may, at its discretion, establish specialized committees composed of Board members to address specific tasks or projects requiring focused attention and expertise.
- 6.2 Establishment and continuity of Board Committees should adhere to the guidelines outlined in the "Policy on Board Committees."

7. EVALUATION AND PERFORMANCE

- 7.1 The Board must establish a structured procedure to assess its own performance, with all members conducting an annual self-evaluation regarding Board effectiveness.
- 7.2 The Board must establish a structured procedure to assess the performance of its subcommittees, with each subcommittee chairperson responsible for conducting an annual evaluation of their respective subcommittee and presenting the findings to the Board.

8. MAINTAINING THE INDEPENDENCE OF THE BOARD

The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria provided in listing rules of Colombo Stock Exchange.

9. PROFESSIONAL DEVELOPMENT OF THE BOARD

- 9.1 Orientation program should be conducted for new Directors to familiarize them with the organization's operations and governance structure.
- 9.2 ongoing education to be provided for Directors to stay informed about industry trends and best practices.
- 9.3 The Directors should have access to Seek independent professional advice at the Company's expense, if considered appropriate and necessary at any time.
- 9.4 The Directors should have access to Company Secretaries, Corporate and Sales Management, External and Internal Auditors, experts and other external professional service providers.

10. SUPPLY OF INFORMATION

- 10.1 The Board must receive timely and quality information suitable for fulfilling its responsibilities. It is the responsibility of management to furnish the Board with pertinent and timely information.
- 10.2 Directors of the company should receive regular updates regarding the rules and regulations established by the stock exchange where their company's shares are listed. These updates can be provided directly to the Board or through the Audit Committee.
- 10.3 The agenda and necessary documents for Board meetings must be distributed to Directors not less than 7 days prior to the meeting, and the meeting minutes should be provided to Directors within 4 weeks following the meeting date.

11. SELECTION AND ELECTION

The appointment and re-election of Board members should adhere to the criteria outlined in the Articles of Association, Policy on “Corporate Governance, Nominations and Re-election” and Terms of Reference of the Nominations and Governance Committee.

12. DIRECTORS REMUNERATION

The determination of Directors' remuneration will be made in accordance with the principles outlined in the remuneration policy.

13. TRADING IN SECURITIES

Directors are required to conduct trading of securities in compliance with the regulations outlined by the Colombo Stock Exchange rules. Additionally, they must disclose any relevant information as per the Colombo Stock Exchange regulations.

14. APPOINTMENTS IN OTHER BOARDS

There are no explicit regulations governing the number of board positions Directors of the Company may hold. However, in the interest of effective governance, the Company has established a maximum limit of 20 board positions per Director.

15. CODE OF CONDUCT

The Board of Directors must adhere to the Code of Conduct and Ethics without deviation under any circumstance. The code of conduct and ethics will encompass principles of;

- Avoidance of Conflict of Interest
- Avoidance of misuse of corporate opportunities and Information
- Fair dealing with all the stakeholders
- Protect confidentiality
- Encouraging and reporting any illegal or unethical behaviour
- Compliance with Laws and Regulations
- Protection and proper use of the Company assets

16. AMENDMENTS AND REVIEW

- 16.1 In the event of a discrepancy on the same matter between this policy and the Articles of Association, the Articles of Association shall take precedence.
- 16.2 This policy should undergo an annual review at minimum, and amendments may be made before the scheduled annual review if deemed necessary.

Appendix 01**Evaluate the compliance with listing rule section 9.5.1**

#	Listing Rule Requirement	Section of the this Policy that complied with the listing rule requirement
9.5.1 (a.)	Recognize the need for a balance of representation between Executive and Non- Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.	Section 2.1 provides the Board composition should be kept as per Articles of Association. As per the Article of association section 80 “The Board of Directors shall consist of not less than Two (02) or more than Twelve (12) in number. Provided that, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange” Chairperson and managing director / CEO provision are provided in section 4 Appraisal of the Board and the CEO is provided in section 07
(b.)	where a Listed Entity decides to combine the role of the Chairperson and CEO, (i) set out the rationale for combining such positions; and, (ii) require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest. (iii) set out the measures implemented to safeguard the interests of the SID.	Chairperson and managing director / CEO provision are provided in section 4
(c.)	require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.	This requirement is covered in section 2.2
(d.)	stipulate the maximum number of Directors with the rationale for the same	Section 2.1 provides the Board composition should be kept as per Articles of Association. As per the Article of association section 80 “The Board of Directors shall

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		consist of not less than Two (02) or more than Twelve (12) in number. Provided that, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange” However, in compliance with CBSL directives” The board of Directors shall consist of not than Seven (07) as mentioned in Section 2.1.
(e.)	specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.	Section 5.1 provides the frequency of Board meetings
(f.)	provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules.	Section 10.2 facilitate the requirement of CSE listing rules
(g.)	specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.	Covered in section 5.4
(h.)	provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.	This requirement is covered in section 13
(i)	specify the maximum number of directorships in Listed Entities that may be held by Directors.	This requirement is covered in section 14
(j)	Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.	Covered in section 5.2