

SINGER FINANCE

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

In Compliance with CSE Listing Rule 9.2.1 (a)

VERSION 1.0

DOCUMENT AND VERSION CONTROL

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RELATED DOCUMENTS

Central Bank of Sri Lanka -Finance Business Act Direction -No. 05 of 2021(Corporate Governance)

Central Bank of Sri Lanka -Finance Business Act Direction -No. 06 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons)

Colombo Stock Exchange Listing Rules -Section 9

Companies Act No 07 of 2007

Articles of Association of the Company

ABBREVIATIONS USED IN THIS POLICY

CBSL -Central Bank of Sri Lanka

CSE – Colombo Stock Exchange

FC -Finance Company

LFCs -Licensed Finance Companies

SFL- Singer Finance

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1. NEED FOR THE POLICY

The primary purpose for this policy is to cover the Colombo Stock Exchange Listing Rule No 9.2.1 and 9.5 , as Singer Finance is a registered finance company of the Central Bank of Sri Lanka (CBSL) , the guidelines and rules of the CBSL, Finance Business Act – Direction No-05 of 2021 ,Direction No-06 of 2021 and the Companies Act No.07 of 2007 are incorporated and read in conjunction with this policy. The core requirements of the CSE, CBSL, Finance Business Act and the Companies Act No.07 of 2007 do not compromise each other, however, in the event there is a situation where a distinction prevails, the regulatory requirement will take precedence over the rest. If there is such a distinction this policy will clearly mention such distinction in the relevant section

For the purposes of this policy the term “Company” is defined to mean Singer Finance (Lanka)PLC-(SFL)

2. SCOPE

This policy applies to all Directors of the Board of Singer Finance.

3. BOARD’S OVERALL RESPONSIBILITIES

The Board's primary duty is to oversee the Company's business affairs while considering the interests of the shareholders. As per Central Bank of Sri Lanka -Finance Business Act Direction No. 05 of 2021 the Board’s overall responsibility is defined as :

“The Board shall assume overall responsibility and accountability for the operations of the Finance Company (FC) by setting up the strategic direction , and governance framework, establishing a corporate culture and ensuring compliance with regulatory requirements.”

4. BALANCE OF REPRESENTATION BETWEEN THE EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The Board shall decide the optimal balance between the Executive and Non-Executive Directors in line with the Companies growth and strategic plans.

5. BOARD COMPOSITION

SFL covers the minimum composition stipulated by the CSE and the CBSL.

Colombo Stock Exchange (Sub Section 9.8.1 of Section 9)	Central Bank of Sri Lanka (Direction 3.2 of Finance Business Act No 05 of 2021)	No of Directors of SFL
Company shall have minimum of 5 Directors	Number of directors shall be not less than 7 and not more than 13	1 Executive Director and 7 Non-Executive Directors

6. ROLES AND FUNCTIONS OF THE CHAIRPERSON AND CEO

The roles and functions of the Chairperson and CEO of SFL are separate and, therefore is in compliance with both the CSE and CBSL. This separation is mandatory under CBSL guidelines.

The Board will implement a self-assessment program for each Director to evaluate their individual performance annually, with the Chairperson reviewing the results.

According to CSE Listing rules, A Listed Entity shall appoint an Independent Director as the Senior Independent Director (SID) in the following instances 9.6.3 (a) i) The Chairperson and CEO are the same person ii) The Chairperson is an Executive Director iii) The Chairperson and CEO are Close Family Members or Related Parties.

In a similar manner, as per the CBSL, if the Chairman of the Board is not Independent, a Senior Independent Director has to be appointed as per CBSL Direction No 05 or 2021 Section 6 (6.3).

In compliance with the above requirements the Board of Directors has appointed one of the Independent Directors as Senior Independent Director as the present Chairperson is not independent.

7. MEETINGS OF THE SID

- i. In line with 9.6.3 (b) The Independent Directors of SFL will meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the entity and the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the other Board Members.
- ii. As the Chairman of the Board is non-Independent above 9.6.3 (b) will cover 9.6.3 (c) which states that the SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually, to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.

- iii. The SID shall be entitled to a casting vote at the meetings specified in Rules 9.6.3.(b) and (c) above i) and ii)
- iv. The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID.

8. DIVERSITY IN BOARD COMPOSITION

The board nomination committee shall consider diversity in selecting the board's composition in terms of experience, skill, competencies, age, gender and the industry experience. The current board of Directors of SFL has two female directors and six male directors, covering a reasonable gender mix; the following qualifications, experiences and cross-functional industry experience are represented in the current SFL board as illustrated in the table below.

Table-1 Qualification and Experience of Current Board of Directors

Qualifications	Industry Experience
Accountancy, Banking and Engineering	Banking, Non-Bank Financial, Manufacturing
Accountancy and Marketing	Non-Bank Financial, Retail, FMCG
Accountancy, Banking, Credit and Risk	Banking, Non-Bank Financial
Banking, Credit and Risk	Banking
Accountancy	Non-Bank Financial, Retail, Hotel
Accountancy	Conglomerate
Management	Non-Bank Financial, Manufacturing and Retail
Legal	Non-Bank Financial and Conglomerate

The Board shall endeavour to consistently carry forward a diversely experienced board composition.

9. MAXIMUM NUMBER OF DIRECTORS

The maximum number of Directors at SFL at any given time will be 13. This provision is intended to facilitate the expansion of diversity in terms of Non-Executive Directors and to accommodate the composition of Executive Directors as the company grows.

10. FREQUENCY OF BOARD MEETINGS

The board shall comply with the CBSL Corporate Governance Direction 05 of 2021 Section 7 (7.1) and meet at least 12 times a year at approximately monthly intervals

11. PROVISION OF A MECHANISMS FOR ENSURING THAT DIRECTORS ARE KEPT ABREAST OF THE LISTING RULES AND ON-GOING COMPLIANCE AND/OR NON-COMPLIANCE

The Company Secretary will follow below mechanism in order to be in compliance with this section

- i. Keep the Board informed by way of both e-mail and a Board presentation any updates and or new additions to listing rules
- ii. The company secretary will also facilitate communication between the board and CSE by inviting Directors to participate in conferences and programs organized by the CSE. These events provide opportunities for experts to share insights and updates regarding listing rules, enabling Directors to stay informed about pertinent regulations and best practices.

12. THE MINIMUM NUMBER OF MEETINGS, IN NUMBERS AND PERCENTAGE, THAT A DIRECTOR MUST ATTEND

The company encourages board members to participate in every meeting in person. If unable to attend in person, they shall use online platforms to participate.

The Company will follow the corporate governance requirements of the CBSL which states: A Director who has not attended at least two-thirds (2/3)¹ 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.

13. TRADING IN SECURITIES

Please refer to the Policy on trading in the Entity's listed securities.

14. MAXIMUM NUMBER OF DIRECTORSHIPS IN LISTED ENTITIES

The Maximum Number of Directorships held by a Director in Listed Companies shall be 20.

¹ In Percentage terms it is 66%

15. THE RIGHT TO PARTICIPATE AT MEETINGS OF THE BOARD AND BOARD COMMITTEES BY AUDIO VISUAL MEANS

- i. Any Director who is unable to attend Board or sub-committee meetings has the right to participate remotely, whether within or outside the country.
- ii. A Director who intends to participate remotely should keep the Company Secretary informed as early as possible.
- iii. It is the responsibility of the Company Secretary to facilitate the necessary infrastructure by arranging the digital links and the required hardware at the place of meetings
- iv. The current Audio-Visual software used shall be visual: - Zoom, Microsoft Teams, Google Teams

Audio: - WhatsApp voice call. Preference shall be given to either zoom, Microsoft Teams or Google Teams, Visual software.
- v. The Board of Directors are required to be familiar with the basic usage of above Audio/Visual software

16. NON-COMPLIANCE WITH ANY OF THE REQUIREMENTS

It is the responsibility of the Board of SFL ably supported by the Company Secretary to ensure that the Board is in compliance with this policy. The Company Secretary shall be responsible for reporting compliance with this policy in the Annual Report, explaining any Non-Compliance (if any) and declaring the proposed or already concluded remedial action.



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