
SANASA GENERAL INSURANCE COMPANY LIMITED

POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION

1. OVERVIEW

The Board of Directors of the Company has adopted this Policy on Corporate Governance, Nominations and Re-Election in conformity with the Listing Rules to provide for the framework for meeting its duties and responsibilities in relation to the governance of the Company and the guidelines to be followed for the nomination and re-election of Directors in accordance with the Companies Act, the Regulation of Insurance Industry Act, Listing Rules and the Company's articles of association and other applicable law, internal policies and procedures.

2. DEFINITIONS

The following words and expressions shall have the respective meanings given against each such word unless such meanings are inconsistent with or repugnant to the subject or context:

“**Articles**” the articles of association of the Company;

“**Board**” means the board of Directors of the Company;

“**CEO**” means an employee of the Company performing the functions of the chief executive officer of the Company and called by whichever name;

“**Committee**” means the Nominations and Governance Committee of the Company;

“**Company**” means Sanasa General Insurance Company Limited;

“**Companies Act**” means the Companies Act No. 07 of 2007 as amended from time to time;

“**Directors**” means the directors presently serving on the Board of the Company, and includes alternate directors appointed in accordance with the articles of association of the Company.

“**IRCSL**” means Insurance Regulatory Commission of Sri Lanka;

“**Listing Rules**” mean the Listing Rules of the Colombo Stock Exchange;

“**Policy**” means this policy on corporate governance, nominations and re-election.

“Regulation of Insurance Industry Act” means the Regulation of Insurance Industry Act No. 43 of 2000 as amended from time to time.

“Technical Director” is a Director of the Company who is an associate or above the Chartered Insurance Institute and has ten (10) years of experience in an insurance company at senior managerial level.

3. PURPOSE

The purpose of this Policy is to establish the relevant criteria and guidelines in respect of corporate governance, the nomination of new directors and the re-election of existing directors to the Board, to ensure accountability, transparency, fairness, and responsibility.

4. SCOPE

This Policy applies to the Company, the Board of Directors, and Board committees.

5. COMPOSITION OF THE BOARD

- 5.1 A minimum of two Directors must be citizens and residents of Sri Lanka.
- 5.2 The Board must comprise of Directors representing different backgrounds in terms of skills, expertise, and experience to strengthen the governance function.
- 5.3 The chairperson of the Board must be a non-executive Director elected by the Board and will continue to serve as chairperson of the Board until he resigns therefrom, retirement by rotation or ceases to be a Director in terms of the Articles of the Company or the applicable laws. The chairperson of the Board will preside at all meetings of the Board and shareholders.

6. GOVERNANCE REQUIREMENTS

- 6.1 The business and affairs of the Company is managed by and under the direction and supervision of the Board. The Board also has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company.
- 6.2 The Board and each individual Director must at all times comply with and adhere to the laws that are applicable to the Company and its business and also ensure that the

Company complies with and adheres to such laws. The laws applicable to the Company and its business include without limitation, the following:

- (i) the Companies Act;
- (ii) Regulation of Insurance Industry Act or any regulations, directions determinations, rules, orders or requirements made, given or imposed thereunder;
- (iii) the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 or any rules, regulations, determinations, or directions made thereunder including the Listing Rules;
- (iv) Inland Revenue Act No. 24 of 2017 and amendments thereto;
- (v) Financial Transactions Reporting Act No. 6 of 2006;
- (vi) The Prevention of Money Laundering Act No. 5 of 2006;
- (vii) Employees Provident Fund Act No. 15 of 1958;
- (viii) Employees Trust Fund Act No. 46 of 1996;
- (ix) Payment of Gratuity Act No. 12 of 1983; and
- (x) Shop and Office (Regulation of Employment and Remuneration) Act No. 19 of 1954.

The Board must implement the necessary internal processes within the Company, including the appointment of a compliance officer/s, to ensure compliance with the applicable legal framework.

- 6.3 The Board must ensure that the Company follows recommendations in the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, to the extent relevant to the business and governance structures of the Company.
- 6.4 The Board of Directors must have full and complete access to the management, books, and records of the Company. Further, the Board may invite the relevant management personnel to the meetings of the Board in order to provide additional insight into matters discussed.
- 6.5 Whenever the Board deems it appropriate or helpful in discharging its responsibilities, it may engage the services of external advisors and consultants.
- 6.6 In the interests of greater effectiveness in the exercise of its functions, the Board must delegate its powers and establish Board committees. Delegating authority to Board committees will not, in any way, absolve the Board from discharging its duties and responsibilities.
- 6.7 The following committees have been constituted at present:
 - (i) Nomination and Governance Committee
 - (ii) Audit Committee;
 - (iii) Human Resources and Remuneration Committee;

- (iv) Related Party Transactions Review Committee;
 - (v) Risk Management Committee;
 - (vi) Investment Committee;
 - (vii) Research and Business and Development Committee; and
 - (viii) IT Steering Committee.
- 6.8 The Board must appoint Directors to each Board committee in accordance with the requirements of the Listing Rules while ensuring that such Directors are appropriately and suitably qualified to carry out the duties of each Board committee.
- 6.9 Each Board committee must have terms of reference outlining its membership requirements, quorum, its procedures, duties, and responsibilities. The Directors who are members of the sub-committees must adhere to the Policy on Board Committees.
- 6.10 The day-to-day management and operations of the Company will be led by the CEO of the Company who will be the apex executive officer of the Company. The CEO must perform his functions under the overall direction and supervision of the Board.
- 6.11 The key Management Personnel, including Deputy General Manager Claims, Specified Officer, Head of Finance, Head of Sales, Head of Underwriting, Head of Administration, Head of Operation, Head of HR, Head of Internal Audit and heads of various departments must report to the CEO.

7. NOMINATION OF DIRECTORS

- 7.1 The Committee must identify, assess, select, and nominate suitable candidates to be appointed as Director to fill any vacancy on the Board, howsoever created. A candidate could be a person identified by the Board or a person nominated by any shareholder of the Company holding, either individually or with persons acting in concert, major shareholders or holding company who held more than fifty percent (50%) of the shares of the Company.
- 7.2 The Committee must use the following procedure when reviewing potential candidates for appointment as directors:
- (i) Review the skills and competency of the existing Board;
 - (ii) Assess the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
 - (iii) Where appropriate, utilise the services of senior management and external advisors to seek out appropriate candidates that meet the selection criteria;
 - (iv) Identify any potential conflicts of interest and assess the independence of the candidate;

- (v) Identify whether the candidate is subject to any disqualification under the laws applicable to the Company and/or the Company's Articles;
 - (vi) Assess detailed background information in relation to each potential candidate and carry out any appropriate checks and verifications;
 - (vii) Ensure that the candidate accords with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtain a declaration to that effect from the candidate;
 - (viii) Prepare a final list of shortlisted candidates for the Board's review.
- 7.3 Once a list of potential candidates has been presented for the Board's consideration, after final deliberation, the Board will appoint the most suitable candidate to fill the vacancy for a Director, after consulting and obtaining the consent of such candidate.
- 7.4 The Board must ensure that the process of appointment of a Director must comply with the rules and procedures as specified in the Company's Articles and relevant laws including the Regulation of Insurance Industry Act.
- 7.5 Independent Directors may be appointed by the Board for a period of one (01) year. On expiry of the term of an independent Director, the Board may, at its discretion, re-appoint the independent Director in terms of Articles of Association of the Company subject to section 5.2 above.

8. BOARD'S RELATIONSHIP WITH SHAREHOLDERS

- 8.1 The Board will endeavor to establish a consistent channel of communication with the shareholders of the Company and ensure good shareholder relations.
- 8.2 Directors will attend annual general meetings and extraordinary general meetings which provides an opportunity for constructive dialogue with shareholders and provide adequate explanation and answer questions from shareholders relating to and arising from the business transacted at the annual general meeting in order to create an environment where shareholders can appropriately exercise their rights.

9. ETHICS AND CONFLICTS OF INTERESTS

- 9.1 The Board must function with the highest standards of responsibility, ethics, and integrity.
- 9.2 Directors must adhere to the Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees and Policy on Matters Relating to the Board of Directors in respect of matters regarding director conflict of interest and general conduct. The Directors must also comply with and adhere to the duties imposed on them by the Companies Act including the duty to act in good faith and in the best interest of the Company, the duty to not act in a manner which is

reckless or grossly negligent and the duty to exercise the degree of skill and care that may reasonably be expected of a person of his knowledge and experience.

10. EVALUTATION OF THE BOARD OF DIRECTORS

10.1 The Board of Directors must assess and evaluate themselves both individually and as a whole. The evaluation will include a review of the individual performance and qualifications of each Director, and an assessment of the contributions of the Board and its sub-committees.

10.2 The Committee will be responsible for such assessment and will prepare a report of the same, for the consideration of the Board.

11 REVIEW AND MONITORING

11.1 The Committee will from time to time review this Policy, monitor its implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practice and make recommendations on any proposed revisions as may be required to the Board for its review and final approval.

11.2 Upon the Board's approval, the said revision or amendment will be deemed to be effective and form part of this Policy.

11.3 This Policy is to be read in conjunction with other relevant Company policies, including:

- (i) Policy on the matters relating to the Board of Directors;
- (ii) Policy on Board Committees;
- (iii) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees, including policies on trading in the Company's listed securities;

Date of Approval: 24th September 2024