
SANASA GENERAL INSURANCE COMPANY LIMITED

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

1. OVERVIEW

The Board of Directors of the Company has adopted this Policy relating to Board of Directors in conformity with the Listing Rules to provide for the framework in terms of which the Board will be constituted and the Directors will manage and supervise the business and affairs in accordance with the applicable law including Companies Act, the Regulation of Insurance Industry Act, the Listing Rules and the Articles and other 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**” means 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;

“**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;

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

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

“**Policy**” means this policy on matters relating to the Board of Directors;

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

3. PURPOSE

This purpose of this Policy is to establish the policy framework and the criteria pertaining to Board composition, proceedings of the Board and other relevant policies to ensure that the Directors and management work together to effectively discharge their responsibilities in an appropriate manner, in the best interests of the Company and in compliance with the relevant legal and regulatory framework.

4. SCOPE

This Policy applies to the Company and covers all Directors (including alternate directors) and the CEO, to the extent applicable.

5. THE BOARD

- 5.1 The Board of Directors of the Company will comprise a minimum of five (5) directors and a maximum of eleven (11) directors taking into consideration the nature of the businesses carried out by the Company which require input of a range of competencies and expertise.
- 5.2 The chairperson of the Board will be elected by the Board and continue to serve as chairperson until he or she resigns therefrom or ceases to be a Director in terms of the Articles of the Company or the applicable laws.
- 5.3 The positions of chairperson and CEO will be held by different individuals who will have separate, distinct roles with a clear division of responsibilities so as to ensure balance of authority, promote accountability and ensure a greater capacity for independent decision making.
- 5.4 A Director will not serve on the board of directors/hold any other equivalent position in more than twenty (20) other companies (inclusive of subsidiaries and associates of the Company) in addition to the Company’s Board.
- 5.5 The Board will comprise of Directors representing different backgrounds in terms of expertise, experience, competency and industry requirements to fulfil the duties and objectives of the Board and provide guidance to the Company’s management. Additionally, the Board aims to establish gender, age and ethnic diversity on the Board as a combination of individuals with diverse backgrounds may provide a range of perspectives and experiences resulting in improved decision-making.

- 5.6 Every Director must receive appropriate training when first appointed to the Board and subsequently on an on-going basis, as necessary. Training curricula will cover both general aspects of directorship, industry/Company specific matters and the Listing Rules.
- 5.7 The Compliance Department of the Company will be responsible to ensure that all Directors are kept informed of the applicable legal and regulatory requirements which the Company must adhere to including the Listing Rules. Details of on-going compliance and/or non-compliance along with reasons for the same and any remedial action proposed to be taken or has already been taken by the Company will be presented at every meeting of the Board.
- 5.8 The Board will have direct and unrestricted access to all the Company's information and management, as a whole and in their individual capacities as Directors, in furtherance of their duties. Additionally, the Board may engage the services of external professionals with the requisite legal, financial or governance expertise as it considers necessary from time to time in the performance of its duties at the Company's expense.

6. MEETINGS OF THE BOARD

- 6.1 The Board will meet regularly every month with due notices issued to all Directors. Special meetings may be convened on an ad-hoc basis, as and when required.
- 6.2 The number of Board meetings held in a year and details of attendance of each individual Director in respect of meetings held and the structure and process of submitting information will be documented by the Board.
- 6.3 Directors may participate at meetings of the Board via electronic audio/visual means and participation in such manner will be considered in deciding the quorum of such meeting.
- 6.4 A Director must mandatorily attend at least 50% whichever is higher, of Board and Board sub-committee meetings held in a calendar year. If a Director is absent from three (03) consecutive meetings of the Board, without special leave of absence, the Board may resolve that his office is vacated.
- 6.5 Questions arising at any meeting of the Directors will be decided by a majority of votes. Each Director will have one (1) vote and in the event, there arises a case of equality of votes, the Chairman will have the casting vote.

7. THE CHAIRPERSON

- 7.1 The chairperson of the Board will provide leadership to the Board and ensure that the Board plays a full and constructive part in the determination of the Company's strategies and policies.
- 7.2 The chairperson will lead and maintain control at meetings of the Board and provide reasonable time for deliberations of matters under consideration to ensure that Board decisions are taken in the Company's best interests. If necessary, Board resolutions will be put to a vote to ensure that it is a majority decision taken in a democratic matter.
- 7.3 The chairperson will act as the spokesperson for and on behalf of the Board as the main representative of the Company alongside the CEO at shareholders' meetings and on other occasions where key or major actions are taken or public statements are made in the name of the Company.
- 7.4 The responsibilities of the chairperson include:
- (i) chairing meetings of the Board in such a manner that will stimulate debate on matters to be decided by the Board and encourage effective contribution from each member;
 - (ii) chairing meetings of shareholders and ensuring effective communication with shareholders and relevant stakeholders;
 - (iii) ensure proper committee structure, including assignments of members and committee chairmen.
 - (iv) ensure that all Directors, upon taking up their office, are fully briefed on the terms of their appointment, time and commitment, duties and responsibilities and the business of the Company;
 - (v) managing the processes of the Board and ensuring that the Board and each individual Director discharges their responsibilities; and
 - (vi) establishing and monitoring good corporate governance practices.

8. THE CEO

- 8.1 The CEO acts as a liaison between the Board and management and will be accountable to the Board for the overall organization and management of the Company.
- 8.2 The responsibilities of the CEO include:
- (i) managing the overall business and affairs of the Company and overseeing the day-to-day operations of the Company;
 - (ii) foster a corporate culture among employees that promotes ethical practices, encourages individual integrity and fulfillment of corporate social responsibility;
 - (iii) develop and recommend to the Board, the Company's operational plans and budgets that support the Company's long-term strategy;

- (iv) ensure the achievement of the Company's objectives and goals as detailed in the strategic plan;
- (v) recommend management structure and operating authority levels which includes delegation of responsibilities to management; and
- (vi) liaising with the chairperson and the Board to carry out other duties as directed by the Board as a whole.

8.3 The performance of the CEO will be evaluated by the Board at the end of every calendar year in order to ascertain whether the targets set by the Company have been achieved and if not so achieved, whether failure to meet such targets was reasonable in the circumstances.

9. THE COMPANY SECRETARY

9.1 A qualified company secretary will be appointed by the Board to act as an advisor to the Board on governance functions and the Board will have unlimited access to the professional advice and services of such company secretary.

9.2 The company secretary will assist the Board and its sub-committees to perform their respective functions effectively and in accordance with the applicable laws, regulatory requirements and internal policies and procedures.

9.3 The duties of the company secretary will include the following:

- (i) attending Board meetings and recording minutes of such meetings;
- (ii) advising the Board of its roles and responsibilities and ensuring that the Board adheres to internal policies and procedures;
- (iii) providing updates and advising the Board on corporate disclosures and compliance with the applicable laws including the Companies Act, rules and regulations issued thereunder and the Listing Rules;
- (iv) monitoring developments in corporate governance best practices and assisting the Board in the application of such corporate governance policies to meet the requirements of the Board and all stakeholders; and
- (v) notifying the Board of any possible violations of regulatory requirements.

9.3 The company secretary will ensure that material containing information of matters to be discussed at a meeting are circulated prior to such meeting and that the recorded minutes of meetings accurately reflect the deliberations and decisions of the Board, including details of whether any Director abstained from voting or discussing on a matter.

9.4 Upon conclusion of the meeting, minutes will be circulated by the Company Secretary in a prompt and timely manner.

10. CONFLICTS OF INTEREST

- 10.1 Directors must inform the Board of any conflicts or potential conflicts of interests they may have in relation to particular items of business transacted by the Company.
- 10.2 A Director who is interested in a transaction entered into or to be entered into by the Company, may, upon due disclosure of his interest,
- (a) vote on a matter relating to a transaction;
 - (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purpose of a quorum;
 - (c) sign a document relating to the transaction on behalf of the Company;
 - (d) do any other thing in his capacity as a director in relation to that transaction.

Provided however that, if a Director has a material personal interest in a matter being considered at a Board meeting to approve a related party transaction (within the meaning of the Listing Rules), such Director cannot (a) be present while the matter is being considered at the meeting; and (b) vote on the matter.

- 10.3 The Directors must comply with the provisions of the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the Company's Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees, when trading in the Company's listed securities.

11. APPRAISAL OF THE BOARD

- 11.1 The Board will undertake a formal and transparent self-appraisal process to evaluate the effectiveness of individual Directors, the Board as a whole and its sub-committees in respect of their skills and experience and contribution made to the Board and the Company. This process will be conducted by the Company's compliance division and will be overseen by Nominations and Governance Committee.
- 11.2 A questionnaire will be circulated to all Board members, either in physical form or by virtual means as decided by the Nominations and Governance Committee, and the responses will be collected and collated by the company secretary on behalf of the Nominations and Governance Committee.
- 11.3 The Nominations and Governance Committee, upon discussion of the results, will present the findings to the Board.

12. REVIEW AND MONITORING

12.1 The Nominations and Governance 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.

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

12.3 This policy is to be read in conjunction with the Articles and other relevant Company policies, including:

- (i) Policy on Corporate Governance, Nominations and Re-election;
- (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