



# ASIA CAPITAL PLC

## **Policy on the Matters Related to Board of Directors**



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## 1. Purpose

The purpose of this policy is to provide a clear framework for the composition, roles, responsibilities, and functioning of the Board of Directors of Asia Capital PLC. This policy aims to ensure effective governance, transparency, and accountability in guiding the organization towards its mission and objectives.

## 2. Composition of the Board

### *2.1 Number of Board Members:*

The Directors shall not be less than five in number.

### *2.2 Minimum Number of Independent Directors:*

The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.

### *2.3 Senior Independent Director:*

A senior Independent Director need to be appointed in the following instances

- a) The position of the Chairperson and CEO are held by the same Individual
- b) The Chairman is an Executive Director
- c) The Chairman and CEO are Close Family Members or related parties

## 3. Fit and Proper criteria

### 3.1 Honesty, Integrity and Reputation

A Director of the Company shall not be considered 'fit and proper' if she or he;

- (i) has been convicted by a competent court of law in respect of a market offense for which he/she has been charged under the SEC Act or Securities Laws outside of Sri Lanka.
- (ii) in his/her individual capacity or as a part of any business that he/she has been involved in, who/which has had a license or registration that has been canceled by the SEC or any other regulatory authority.
- (iii) has been convicted, within or outside Sri Lanka of an offense under any law involving fraud, misappropriation or dishonesty or the conviction of which involved a finding that he/she acted fraudulently or dishonestly.
- (iv) has been convicted for contravening any provision of any law within or outside Sri Lanka for protecting members of the public against financial loss due to dishonesty,



incompetence or malpractice by persons concerned in the provision of financial services or the management of companies.

- (v) has been disqualified from acting as a Director of a company or has been dismissed or requested to resign from any position or office by the SEC in terms of the SEC Act or rules and regulations issued thereunder or any other statutory regulatory body due to mismanagement of funds or an offense which involves the commission of financial fraud.
- (vi) has been disqualified from acting as a CEO/Key Management Person/Director of a company regulated by the CBSL and/or the Insurance Regulatory Commission of Sri Lanka (IRCSL) as applicable for failure to satisfy the fit and proper assessment criteria issued by the CBSL and/or IRCSL respectively.
- (vii) has been a Director or the CEO of any Listed Entity which has been delisted by the Exchange in the circumstances specified in Rule 11.3 of the Listing Rules.

### 3.2 Competence and Capability

A Director of an Entity shall not be considered as 'fit and proper' if she or he;

- (i) does not possess suitable academic or professional qualifications or necessary skills, competencies and experience which are determined by the Nominations and Governance Committee of the Listed Entity in terms of Rule 9.11.5 of the Listing Rules stipulated by CSE which are required to efficiently contribute to the business operations of the Entity in his/her capacity as a Director/CEO (as applicable).
- (ii) has been declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.

### 3.3 Financial Soundness

A Director of an Entity shall not be considered as a 'fit and proper person' by the Exchange, if she or he;

- (i) is an undischarged bankrupt or a person on whose behalf a receiver or manager or liquidator or an equivalent person has been appointed within or outside Sri Lanka.
- (ii) has been the subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Sri Lanka or outside Sri Lanka.
- (iii) has been in a position capable of exercising significant influence in a company that has:
  - (a) been declared bankrupt within or outside of Sri Lanka; or
  - (b) its assets sequestrated for the non-satisfaction of a judgment debt.



## **4. Appointment of Directors**

The potential candidates for the Board Positions shall be evaluated by the Nomination and Governance committee of the Board and recommended to the Board.

## **5. Term Limits**

The Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment. A retiring Director shall be eligible for re-election.

An Independent Director, shall serve a maximum term of Nine years.

## **6. Roles and Responsibilities**

### **6.1 Directors**

- Ensuring the formulation and implementation of a sound business strategy
- Appointing the chair and the senior independent director if relevant
- Ensuring that the CEO and management team possess the skills, experience and knowledge to implement the strategy
- Ensuring the adoption of an effective CEO and key management personnel succession strategy
- Approving budgets and major capital expenditure
- Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation
- Ensuring effective systems to secure the integrity of information, internal controls, cyber security, business continuity, and risk management
- Ensuring the availability of an information communication technology roadmap in line with the business strategy of the company, and monitor the progress of implementation through the ICT dashboard
- Ensuring compliance with laws, regulations and ethical standards



- Ensuring all stakeholder interests are considered in corporate decisions
- Recognizing sustainable business development and ESG risk and opportunities in corporate strategy, decisions and activities and considering the need for adopting “integrated reporting”
- Ensuring that the company’s values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations
- Establishing a process of monitoring and evaluation of progress on strategy implementation, budgets, plans, and related risks
- Ensuring that a process is established for corporate reporting on an annual and quarterly basis or more regularly as relevant to the company
- Fulfilling such other board functions as are vital, given the scale, nature, and complexity of the business concerned

## 6.2 Chairman

The chairman should conduct board proceedings in a proper manner and ensure, inter-alia, that:

- the agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance,
- sufficiently detailed information of matters included in the agenda is provided to directors in a timely manner,
- all directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities,
- the effective participation of both executive and non- executive directors is secured; all directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the company,
- all directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda,
- a balance of power between executive and non- executive directors is maintained,
- the views of directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes, and



- the board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders

### 6.3 Senior Independent Director

- Set corporate values facilitating an equitable balance between key stakeholder interests
- Uphold high standards of ethics, integrity and probity
- Support executive leadership whilst monitoring their conduct
- Promote high standards of corporate governance and compliance
- Meet with Non-Executive Directors every quarter to facilitate discussion and communication of governance matters and communicate same to Chairman
- Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors
- Act on the results of any performance evaluation of the Chairman
- Maintain sufficient contact with major, significant and minority shareholders, assisting the Board to develop a balanced understanding of their issues

## 7. Meetings

The meetings will be held on a monthly basis and the date of the next meeting will be agreed at the end of the previous board meeting. The indicative board meeting dates will be circulated for the financial year at the beginning of the financial year and the Quorum for the meeting will be three directors.

Whilst the general format of the Board meeting is to hold it physically, a director may request to join the meeting virtually using a suitable online platform.

## 8. Committees

This will be covered under the **Policy on Board Committees**



## 9. Independence

Board should make a determination annually, unless a change has arisen subsequently, as to the independence or non-independence of each non-executive director based on such a declaration made of decided criteria **(Appendix 9A of CSE Listing Rules)** and other information available to the board. (Refer Annexure 1)

## 10. Decision making and Resolutions in writing

A resolution in writing signed by all Directors and shall be as effective as a Resolution passed at a meeting of the Directors duly convened and held.

## 11. Review and Amendments to the Policy

Periodic Review:

This policy will be subject to periodic reviews to ensure its continued relevance and effectiveness.

The amendment to this policy needs to be presented to the Board and to be approved by the Board.

Asia Capital PLC Board of Directors Policy Adoption:

[This policy was adopted by the Board of Directors} [Date]

[Signature of Board Chair] [Date]

[Signature of Secretary] [Date]



## Annexure 1: Independence Declaration

### SPECIMEN DECLARATION

I, [●]6 of [●]7 being a Christian make [oath and say /not being a Christian solemnly, sincerely and truly affirm and declare]8 as follows in terms of Rule ..... of the Listing Rules of the Colombo Stock Exchange:

a. I am a non-executive director of [●] [hereinafter referred to as the “Listed Entity”] being so appointed on [●].9

b. I have been / have not been employed by the Listed Entity\*, during the period of two years immediately preceding my appointment as director of the Listed Entity.

c. I had / did not during the period of two (2) years immediately preceding appointment as a director, have a Material Business Relationship with the Listed Entity, either directly or indirectly

d. I have / do not have a Close Family Member(s) who is a director or Chief Executive Officer (or equivalent position) in the Listed Entity.

e. I have / do not have a Significant Shareholding in the Listed Entity.

f. I have / have not served on the Board of the Listed Entity continuously for a period exceeding nine (9) years from the date of the first appointment.

g. I am / am not employed in another company or business,

(i) in which a majority of the other directors of the Listed Entity are employed or are directors; or

(ii) in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or

(iii) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.

h. I am / am not a director of another company,

(i) in which a majority of the other directors of the Listed Entity are employed or are directors; or

(j) that has a Business Connection in the Listed Entity or a Significant Shareholding.

i. I have / do not have a Material Business Relationship or a Significant Shareholding in another company or business:

(i) in which a majority of the other directors of the Listed Entity are employed or are directors; and/or

(j) Which has a Business Connection with the Listed Entity or Significant Shareholding in the same.



j. Disclosure of such other information which the applicant believes could reasonably be construed to have a bearing on the independence of such director.

\*

Listed Entity as referred to in this declaration shall be the Public Limited Company to the Board of which the Director is appointed and would include any parent or subsidiary company of the Listed Entity and any subsidiary of the parent company.

.....  
(Sgd.)

.....  
Director  
Date:

6 Enter full name.

7 Enter address.

8 Delete what is inapplicable.

9 Enter date of appointment.