

Policy on Corporate Governance, Nominations and Re-Election

LOLC FINANCE PLC

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1. Purpose

This policy provides a framework for the nomination and re-election of board members to ensure a transparent, fair, and effective process that supports the organization's governance and strategic objectives.

2. Scope

This policy applies to all nominations and re-elections of board members within LOLC Finance PLC, including directors, committee members, and any other governance-related roles.

3. Nomination Process

3.1. Nominations and Governance Committee

- **Establishment:** A Committee shall be established by the Board of Directors.
- **Composition:** The committee should include a diverse representation of skills and experience relevant to the organization's needs.

3.2. Criteria for Nomination

- **Skills and Experience:** Nominees should possess skills, experience, and knowledge relevant to the organization's strategic goals and operational needs, as well as an awareness of good corporate practices in the corporate world in general.
- **Diversity and Inclusion:** The committee shall consider diversity in terms of gender, race, background, and other factors to ensure a well-rounded board.
- **Independence:** Nominees should be assessed for independence, particularly if the organization is publicly listed.

3.3. Nomination Procedure

- **Identification:** The committee will identify potential candidates through various means such as recommendations, searches, and referrals.
- **Evaluation:** Candidates will be evaluated based on their qualifications, experience, and fit with the organization's needs.
- **Recommendation:** The committee will recommend nominees to the full board subject to obtaining approval from regulatory authorities.

4. Re-Election Process

4.1. Term Limits

- **Policy:** The organization may establish term limits for board members to ensure board refreshment and diversity of thought.

4.2. Performance Review

- **Evaluation:** The performance of incumbent directors will be reviewed periodically based on their contribution, attendance, and adherence to governance standards.
- **Assessment:** Directors seeking re-election must demonstrate satisfactory performance and alignment with the organization's strategic direction, based on criteria determined by the Board and in compliance with the rules & regulations set out by the Colombo Stock Exchange and the Central Bank of Sri Lanka.

4.3. Re-Election Procedure

- **Recommendation:** The Nominations & Governance Committee will recommend whether current directors should be re-elected based on their performance and contributions.
- **Approval:** The full board will approve the recommendation subject to the approval received by the Central Bank of Sri Lanka on the assessments of fitness and propriety of the Key Responsible Persons and present it to shareholders for final approval.

5. Disclosure and Transparency

- **Information:** Relevant information about nominees, including their qualifications and any potential conflicts of interest, will be disclosed to shareholders and stakeholders.
- **Reporting:** The organization will report on the nomination and re-election process and outcomes in its annual governance report.

6. Conflicts of Interest

- **Disclosure:** All potential conflicts of interest must be disclosed by nominees and re-elected members.
- **Management:** The Nominations & Governance Committee will review and manage conflicts of interest to ensure impartiality in the nomination and re-election process.

7. Review and Amendment

- **Policy Review:** This policy will be reviewed periodically by the Committee to ensure its effectiveness and alignment with best practices.
- **Amendments:** Any amendments to this policy must be approved by the Board of Directors.

8. Effective Date

- **Implementation:** This policy is effective as of October 1st 2024 and supersedes any previous policies on nominations and re-election.