

**TERMS OF REFERENCE FOR
BOARD MEMBERS**

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1. Purpose

These terms of reference have been formulated to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

2. Revision History and the Purpose of Amendment

Originally adopted on 27th January 2016; first revision on 25th February 2019, second revision on 30th March 2021.

Reviewed and revised in February 2024 to maintain its relevance.

3. Terms of Reference

3.1 Executive Director

3.1.1 Objective

The Board as a whole is collectively responsible for promoting the success of the Company by directing the company's affairs. The Executive Director is responsible for the successful leadership and management of the Company according to the strategic direction set by the Board of Directors.

3.1.2 Key Accountabilities:

Executive directors must fulfil their fiduciary duties and responsibilities including the following:

- Participate with the Board of Directors in developing a vision and strategic plan for the organization
- Identify, assess, and inform the Board of Directors of internal and external issues that affect the organization
- Establish operational plans which incorporate goals and objectives that work towards the strategic direction set by the Board of Directors
- Ensure that necessary financial and human resources are in place for the company to meet its objectives, and review management performance.
- Ensure that the operation of the organization meets the expectations of its Regulators, Board and Funders
- Oversee the planning, implementation and evaluation of the organization's programs and services and that such contribute to the organization's mission and reflect the priorities of the Board
- Oversee the efficient and effective day-to-day operation of the organization

3.1.3 Meetings:

Board meetings will be held monthly as required by regulations.

Executive Directors may be asked by the Board to serve on one or more of the board committees. If appointed to a board committee, Directors will be advised of the committee terms of reference, and any specific additional responsibilities involved.

3.1.4 Independent Professional Advice:

Directors are entitled to seek independent professional advice, at the Company's expense, in the furtherance of their duties.

3.1.5 Appointment

Appointments are subject to all relevant regulatory approvals, the provisions of the Companies Act and the articles of association, including those relating to election/re-election by the shareholders at annual general meetings and the removal of directors.

3.2 Non Executive Director

3.2.1 Objective

Non-Executive Directors have the same general legal responsibilities to the Company as any other director.

As members of the Board, Non Executive Director are required to:

- Provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed.
- Set the Company's strategic aims and be involved in policy making and planning exercises.
- Set the Company's values and standards and ensure that its obligations to its stakeholders including regulators are understood and met.

3.2.2 Key Accountabilities

The role of the Non-Executive Director has the following key elements:

- To constructively challenge and help develop proposals on strategy.
- To scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- To satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

In order to fulfil their role, Non-Executive Directors will:

- Meet regularly and/or as stipulated by regulations
- Be entitled to seek independent professional advice, at the Company's expense, in the furtherance of their duties.

In the absence of the Chairman, the members of the Board shall appoint a Non-Executive Director to preside at meetings of the Board.

Non-Executive Directors may be asked by the Board to serve on one or more of the board committees. If appointed to a board committee, Non-Executive Directors will be advised of the committee terms of reference, and any specific additional responsibilities involved.

3.2.3 Appointment

Appointments are subject to all relevant regulatory approvals, the provisions of the Companies Act and the articles of association, including those relating to election/re-election by the shareholders at annual general meetings and the removal of directors.

3.3 Independent Directors

The Board will determine whether the director is independent and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement in terms of the criteria specified in Directions issued by the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchanges (i.e. Sec 3.7.c of the Finance Companies Corporate Governance Direction No. 5 of 2021 and Sec 9.8.3 of the Listing Rules of the Colombo Stock Exchange).

3.3.1 Appointment

Appointments are subject to all relevant regulatory approvals, the provisions of the Companies Act and the articles of association, including those relating to election/re-election by the shareholders at annual general meetings and the removal of directors.

3.3.2 Senior Independent Director (SID)

In the event the Chairman is not an independent director, the Board will appoint one of the independent Non-Executive Directors to be the Senior Independent Director, to provide the Chairman with counsel and advice and to serve as an intermediary for the other directors where necessary.

The SID, in common with all Non-Executive Directors, has the same general legal responsibilities to the Company as any other director. The Board as a whole is collectively responsible for promoting the success of the company by directing the Company's affairs.

Key Accountabilities of the SID are:

- a) Be the focal point for board members for any concerns regarding the Chairman, or the relationship between the Chairman and the Chief Executive.

- b) Act as a trusted intermediary for Non-Executive Directors where this is required to help them to challenge and contribute effectively.
- c) Take the initiative in discussion with the Chairman or other board members if it should seem that the Board is not functioning effectively.
- d) Led by the SID, the independent Directors are required to convene annually, or as deemed necessary a meeting to exclusively discuss entity-related matters and the operation of the Board. The SID is tasked with conveying feedback and suggestions from these sessions to the Chairperson and the other Board members.
- e) The SID shall preside over an annual meeting of the Non-Executive Directors, without the presence of the Chairperson, to assess the Chairperson's performance, as well as on other occasions deemed necessary.
- f) The SID shall be entitled to a casting vote at the meetings specified above in (d) and (e) above of item 4.2.3.
- g) The SID shall provide a signed explanatory disclosure in the Annual Report, showcasing the effectiveness of their duties.

3.4 Advisor to the Board

The Board may periodically identify individuals who by virtue of their experience, skills and integrity are able to contribute positively to Board deliberations. Such persons may be appointed as Senior Advisors to the Board. The terms and conditions of their appointment, including remuneration and period of service will be decided by the Board. Appointments are subject to all relevant regulatory approvals.

3.4.1 Objective

As far as the Board is aware, the Senior Advisor to the Board shall provide non-binding strategic advice to the Board of the organization. The informal nature of this position shall give greater flexibility in terms of structure and management; and will not carry authority to vote on corporate matters or bear legal fiduciary responsibilities; and hence will not interfere with the authority of the Board. The Senior Advisor shall offer assistance to the Board in the form of non-biased information and advice. He/she shall provide the Company with knowledge, understanding and strategic thinking of the industry or management of the company.

3.4.2 Responsibilities:

- Develop an understanding of the business, market and industry trends
- Provide “wise counsel” on issues raised by shareholders/directors or management
- Provide unbiased insights and ideas from a third party point-of-view (not involved in the operation of the business)
- Encourage and support the exploration of new business ideas
- Act as a resource for executives
- Provide social networking platform for directors and the company
- Encourage the development of a governance framework that enables sustainable growth of the company
- Monitor business performance
- Provide fresh insights whenever possible in relation to areas of business growth, sustainability and stability.

3.4.3 Meetings

The Senior Advisor may attend all Board and Board Sub Committee meetings of the Company which are held monthly/quarterly. He/she may also be appointed to the Board Sub Committees at the discretion of the Board.