

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

LOLC HOLDINGS PLC

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

## **1. Purpose**

The purpose of this policy is to define the roles, responsibilities, and expectations of the Board of Directors in governance matters, with a focus on integrating sustainability into the organization's strategic objectives and operations.

## **2. Scope**

This policy applies to all members of the Board of Directors of **LOLC Holdings PLC**, including any committees established by the Board.

## **3. Board Responsibilities**

### **3.1 Governance Oversight**

- Ensure the effective governance of the organization by providing strategic direction, oversight, and accountability.
- Review periodically, the strategic direction of the Group
- Oversee financial performance, including the approval of budgets, financial statements, and adherence to sound financial practices.

### **3.2 Risk Management**

- Identify and assess risks related to the organization's operations, including financial, operational, and reputational risks.
- Implement and review risk management strategies, ensuring that they address both traditional, evolving risk, including sustainability-related risks.

### **3.3 Compliance and Ethics**

- Ensure compliance with all relevant laws, regulations, and ethical standards.
- Promote ethical behaviour and decision-making throughout the organization by adherence to a Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities as well as disclosure of conflicts of interest.

## **4. Sustainability Responsibilities of the Board**

### **4.1 Integration of Sustainability**

- Incorporate sustainability into the organization's strategic objectives and decision-making processes.
- Approve sustainability goals and targets, ensuring they are realistic, measurable, and aligned with the organization's mission and values.

### **4.2 Sustainability Strategy and Policies**

- Review and approve sustainability policies and practices, including environmental, social, and governance (ESG) criteria.
- Ensure that sustainability considerations are integrated into the organization's overall strategy and operational plans.

### **4.3 Sustainability Reporting and Transparency**

- Oversee the preparation and approval of sustainability reports, ensuring that they are accurate, transparent, and adhere to relevant reporting standards (e.g., GRI, SASB, TCFD).
- Review and address stakeholder feedback related to sustainability issues.

### **4.4 Stakeholder Engagement**

- Engage with stakeholders, including investors, customers, employees, and communities, to understand their perspectives on sustainability issues.
- Ensure that stakeholder concerns and suggestions are considered in the organization's sustainability strategy.

## **5. Board Sub Committees**

- Establish committees as needed to assist the Board with its role of oversight of the Company's performance, conformance, and sustainability.
- Define the roles, responsibilities, and authority of these committees, ensuring they report back to the full Board.

## **6. Performance Evaluation**

### **6.1 Board Evaluation**

- Conduct regular evaluations of the Board's performance in relation to its governance and sustainability responsibilities.
- Use performance metrics and key performance indicators (KPIs) to assess progress and effectiveness.
- Provide ongoing training and development for Board members.

### **6.2 Accountability**

- Hold the Board accountable for meeting its sustainability goals and objectives.
- Implement corrective actions if sustainability targets are not met or if there are significant deviations from the strategic plan.

## **7. Documentation and Reporting**

### **7.1 Records Management**

- Maintain comprehensive records of Board meetings, decisions, and discussions related to governance and sustainability.
- Ensure transparency and accessibility of these records to relevant stakeholders.  
This function has been delegated to the Company Secretaries.

### **7.2 Reporting**

- Provide regular updates to shareholders and other stakeholders on the organization's progress in sustainability and governance matters.
- Provide a confirmation of compliance with the requirements of this policy in the Annual Report and provide explanations when relevant for any non-compliance.

## **8. Composition of the Board of Directors**

- ensure a balance of skills and experience as may be deemed appropriate and desirable for the requirements of the size, complexity and risk profile of the Company.
- at a minimum consist of 5 (five) directors and a maximum of 10 (Ten) in order to bring in a range of diversity in terms of knowledge, competencies, industry knowledge, age and gender.

- The number of executive directors shall not exceed one-half (1/2) of the total number of directors of the Board.
- Include at least 2 (two) independent directors or such number equivalent to one-third (1/3) of the total number of directors at any given time, whichever is higher.
- Rectify any change occurring to this ratio within 90 (ninety) days from the date of the change.
- Directors of the Company may hold office as director in any number of companies/societies/bodies including subsidiaries and associates of the Company, subject to, in the case of listed entities being limited to 20, subject to avoiding any conflict of interest.
- Be subject to all relevant provisions of the Companies Act, the Articles of Association, and continuously satisfy the fit and proper assessment criteria set out in the Listing Rules.

## **9. Meetings**

- Board meetings will be held quarterly as required by regulations and as an when required. Members should endeavor to participate in all Board meetings. Subject to special considerations that might mitigate against this, they must at a minimum attend in three-fifths (3/5) or sixty per centum (60%) of the Board meetings, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.
- Participation online for Board and Committee meetings by audio visual means shall be taken into account when deciding on the quorum.
- If the Company conducts its shareholder meetings through virtual or hybrid means, it shall comply with the Guidelines issued by the Colombo Stock Exchange in relation to same.

## **10. Disclosure of Interests**

- Directors of the Company will declare their interests in connection with their role in the organization or its Group entities as and when applicable and quarterly to the Board.
- Trading in securities of the Company or connected entities will be subject to applicable rules, regulations and disclosure.