

COMMERCIAL CREDIT AND FINANCE PLC

Policy on Board Subcommittees

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1. Purpose

The purpose of this policy is to establish guidelines for the creation, operation, and dissolution of subcommittees under the Board of Directors of Commercial Credit and Finance PLC (CCFP).

CCFP Subcommittees, including the Human Resource and Remuneration Committee(HRRC), Related Party Transaction Review Committee (RPTC), Nomination and Governance Committee(NGC), Audit Committee(AC) and Integrated Risk Management Committee(IRMC), are formed to address specific issues or tasks in-depth, enhance board efficiency, and facilitate focused decision-making.

2. Version Control

This policy will be reviewed once in every three (3) financial years or in the event of any changes in the regulatory or Environmental requirements. The updates will be recorded in the Version Control.

Version Code	Release Date	Prepared by	Approved by
1.0	xxxxx	Compliance Officer/Genius Compliance	Board of Directors

2.1 Responsibility

The Board of Directors reserves the authority to create subcommittees as needed. Subcommittee creation must align with the company purpose, and the regulatory requirements.

3. Legal Framework

This document is prepared in accordance with the requirements of the following.

1. The CBSL direction on Corporate Governance No.05 of 2021
2. The Colombo Stock Exchange Listing Rule No.09
3. Board approved Charters and Mandates
4. Applicable CCFP Policies and procedures

4. Types of Subcommittees

The organization recognizes the following subcommittees, each serving a specific purpose:

1. Human Resource and Remuneration Committee
2. Related Party Transaction Committee
3. Nomination and Governance Committee
4. Audit Committee
5. Integrated Risk Management Committee (CBSL requirement)

5. Formation of Subcommittees

- Initiation

Subcommittees may be proposed by any board member, and proposals require approval by the Board of Directors.

Approved by the board

- Chairperson

The chairperson of each subcommittee will be selected based on experience, knowledge of the subject matter, and leadership skills among the members of the committee. Nomination and Governance committee recommendation and Board approval need to be obtained for the Nomination/Appointment. Board needs to consider the corporate governance requirements when nominating the Chairperson.

6. Composition of the Committees

6.1 Nomination and Governance Committee

- The members of the Nominations and Governance Committee shall;
 - a. Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.
 - b. Not comprise of Executive Directors of the Listed Entity.
- An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. The

Chairperson of the Board shall not be the Chairperson of the Nomination and Governance Committee.

- The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.

6.2 Human Resource and Remuneration Committee

- The members of the Remuneration Committee shall;
 - a. Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.
 - b. Not comprise of Executive Directors of the Listed Entity.
- An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors. The Chairperson of the Board shall not be the Chairperson of the Remuneration Committee.

6.3 Audit Committee

- The members of the Audit Committee shall;
 - a. comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.
 - b. not comprise of Executive Directors of the Listed Entity.
- The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.
- If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary.

- An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. The Chairperson of the Board shall not be the Chairperson of the Audit Committee.
- Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.
- The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.

6.4 Related Party Transactions Review Committee

- The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee. The Chairperson of the Board shall not be the Chairperson of the Related Party Transactions Review Committee.
- If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.

6.5 Integrated Risk Management Committee

- The members of the Risk Committee shall;
- Comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.

- An Independent Director shall be appointed as the Chairperson of the Risk Committee by the Board of Directors. Not comprise of Executive Directors of the Listed Entity.
- Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Risk Committee meetings by invitation.

7. Subcommittee Charter /Terms of References

The Terms of Reference of a board subcommittee typically define its purpose, structure, and responsibilities. The Terms of Reference/Charters shall be reviewed periodically and may be amended by the Board of Directors as necessary to reflect changes in the subcommittee's role, responsibilities, or regulatory requirements. Below is a formal outline of the key elements included in the Terms of Reference/Charter for a board subcommittee

1. Purpose
2. Composition
3. Authority
4. Responsibilities
5. Reporting
6. Meetings & Quorum
8. Review of Terms

8. Roles and Responsibilities

The broader roles and responsibilities of the subcommittees need to comply with the CBSL Corporate governance requirements and the CSE Listing rule requirements incorporated in the board approved subcommittee charters . the functions and responsibilities are incorporated into the Board approved Charters and and given below is a summary of the role of the each committee.

- Human Resource and Remuneration Committee: The Board has established a Committee of the Board referred to as the Board Human Resources and

Remuneration Committee. The Objective of the Committee is to enable Board oversight in the development and oversight of remuneration and human resources strategy and policies. The Terms of Reference for the Committee outlined below are defined by the Board and may be amended by the Board from time to time.

- Related Party Transaction Committee: For purposes of ensuring transparency and fairness for all stakeholders, the Related Party. Transactions Committee is constituted by the Board of Directors to review proposed related party transactions for the purpose of determining whether or not the transaction is on terms more favorable than terms available to any unconnected third party under the same or similar circumstances.
- Nomination and Governance Committee: Manage the nomination process for board members and oversee governance practices.
- Audit Committee: The Board Audit Committee assists the Board in fulfilling their responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting of the Company.
- Integrated Risk Management Committee - The primary purpose of the Board Integrated Risk Management Committee of Commercial Credit and Finance PLC is to assist the Board of Directors, in determining the Company's Risk Management framework and overall strategies and ensuring that procedures at Board and Management level are in place to identify, monitor and manage risks to safeguard the Company's assets and interests by clearly communicating that policy and those strategies to the Management

9. Reporting Structure

Each subcommittee will report to the full Board of Directors at regular intervals, providing an outline of their activities, findings, and recommendations. The meeting minutes of each subcommittee will be presented at the board meeting for the

reference of the Board of Directors, ensuring transparency and enabling informed decision-making by the board.

9. Term of Existence

Each subcommittee's term of existence will be ongoing unless a specific task is completed or the Board of Directors decides otherwise.

Subcommittees may make recommendations to the full board, and decisions requiring approval by the board will follow established procedures.

10. Meetings

Each subcommittee will hold regular meetings, and meeting procedures will follow the guidelines below.

1. Human Resource and Remuneration Committee : Minimum Two meeting per annum
2. Related Party Transaction Committee : Minimum Quarterly meetings
3. Nomination and Governance Committee : Minimum Quarterly meetings
4. Audit Committee : at least once in two months and compulsorily prior to recommending the financial s to be released to the market.
5. Integrated Risk Management Committee - at least once in two months

11. Dissolution of Subcommittees

Subcommittees may be dissolved upon the completion of their assigned tasks or at the discretion of the Board of Directors, unless their continuation is mandated by regulatory requirements. This ensures that the subcommittees operate efficiently and remain aligned with the evolving needs and objectives of the organization, while adhering to any mandatory regulations governing their existence.

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