

# **COMMERCIAL CREDIT AND FINANCE PLC**

**Policy on the Nomination, Election,  
Appointment of Directors and Other Key  
Responsible Persons**

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## 1. Introduction

The purpose of this policy is to ensure that the composition of the Board of Directors and other Key Responsible Person(KRP) possess the required skills, experience and knowledge to be able to exercise their responsibility efficiently in managing the company soundly and prudently.

## 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	September 2022	Compliance Officer	Board of Directors

## 3. Ownership and Legal Framework

Updating and maintenance of this document is the responsibility of the Compliance Officer and the Company Secretary with the approval of Board as recommended by the Board Nomination Committee.

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

- The companies Act No.07 of 2007 and regulations
- The CBSL Direction No. 05 of 2021 - Corporate Governance
- The CBSL Direction No. 06 of 2021 - Assessment of Fitness and Propriety of Key Responsible Persons
- CSE Corporate Governance Listing rule Number 09
- Any other Applicable regulation and directions.

#### **4. Scope and applicability**

- This policy is applicable for all KRPs of CCL.
- KRPs proposed to be nominated, elected or appointed to CCL shall obtain the prior approval of the Central Bank of Sri Lanka (CBSL) for the appointment or continuation to the designated post of CCL
- The fitness and propriety of continuing Board of Directors (Board) and the Chief Executive Officer (CEO) shall be annually assessed and for other KRPs shall assessed in accordance with the requirement with section 8 below
- Any resignation, retirement or removal of a KRP of CCL shall be subject to provisions of the section 9 below

#### **5. Definition**

- The Key Responsible persons in CCL shall be
  - a. Board of Directors of CCL (executive or otherwise and shall include alternate Directors)
  - b. Senior management of CCL
    - CEO and Executive Directors
    - Other officers in the immediate two layers below the level of CEO on CCL organization structure including Compliance Officer, Chief Internal Auditor, Chief Risk Officer, Chief Information Security Officer and Company Secretary.
  - c. Consultants or advisors to the Board, Board subcommittees or senior management of CCL
  - d. Any other person having authority and responsibility for planning, directing and controlling the activities of CCL directly or indirectly.

## **6. Criteria for fitness and propriety assessment**

The fitness and propriety of KRPs shall be assessed by the Board Nomination & Governance Committee under the following criteria

### **1. Competency and capability**

The competency and capability of a KRP shall match the requirements of the post and shall be assessed based on the

- Academic or professional qualifications or effective experience in banking, finance, business or administration, economics, accounting, auditing, financial analysis, investment management, capital markets, information technology, strategic planning, risk management, human resource management, law and regulations, marketing, corporate affairs and specific qualifications and experience
- Skills that give the ability to understand the technical requirements of the business, identify inherent risks and the management processes
- The level of performance and contribution towards the success of the organization in the previous directorship, employment or contract term or the level of performance and contribution towards the success of CCL in the present directorship or employment.
- has been not declared by a court of competent jurisdiction in Sri Lanka or outside Sri Lanka, to be of unsound mind.

### **2. Financial soundness**

The KRP shall be assessed on whether such person has been able to fulfil any financial obligations, in Sri Lanka or elsewhere.

3. Honesty, integrity and reputation of KRP

Recruitment/ Re-appointment of Senior Management excluding that of the CEO, shall be proposed by the management and CEO and shall carry the recommendation of the CEO to the Nomination and Governance Committee's assessment of fitness and propriety under the Direction.

**7. Approval process and subsequent changes to the fitness and propriety**

1. The Secretary of CCL shall be responsible to attest and forward the information and documentation required as per annexure 1 under confidential cover to the CBSL Director for the assessment of fitness and propriety of KRPs.
2. The CEO of CCL shall be responsible to attest and forward the information and documentation required as per annexure 1 under confidential cover to the CBSL Director for the assessment of fitness and propriety of the Company Secretary.
3. In the event the consultant or advisor is a firm, the criteria on assessment of fitness and propriety shall be applicable for the principal consultant or advisor involved in making consultative advice to CCL.
4. The KRPs shall undertake to keep the Company Secretary fully informed, as soon as possible, of all subsequent events relevant to the information provided which may have an impact on the assessment of fitness and propriety.
5. The Company Secretary shall notify the CBSL Director of all subsequent events relevant to the information provided of KRPs which may have an impact on the assessment of fitness and propriety within seven (7) working days of becoming aware of such facts
6. The Company Secretary shall obtain the recommendation from the Board Nomination & Governance Committee and approval from the Board as required in the annexure 1

## **8. Timelines for assessment of fitness and propriety submissions**

### a) Nomination, election or appointment of a new KRP

- The Company shall Submit of information and documentation, twenty (20) working days prior to the expected date of election or appointment

### b) Existing/continuing key responsible persons

- Board of directors and CEO
  - Annual submission of information and documentation, twenty (20) working days before the Annual General Meeting or by end of three months after the financial year, whichever is earlier.
  - The Directors shall forward the completed and duly attested affidavit and other relevant details to the secretary for their annual submission.
- Other key responsible persons

Submission of information and documentation, twenty (20) working days prior to changes resulting of promotions, renewal of contracts and on lateral moves to positions requiring special knowledge and/or skills.

## **9. Resignation / retirement / removal**

### ● Board of Director or CEO

- a) A Board Director or CEO shall not be considered resigned, retired or be retired or removed from the company without prior approval of the CBSL Director. In the case of a resignation or removal, CCL shall submit such reasons to the Director for his/her approval
- b) The Board approval for retirements, shall be obtained two board meeting prior to the retirement of a director subject to the above CBSL approval
- c) Once the CBSL approval is obtained for a resignation/ retirement , the company secretary shall make the announcement on the CSE website

- Other KRPs

The Company shall inform the CBSL Director of the resignation, retirement or removal of any other KRPs of CCL with reasons within three (3) working days of such event

#### **10. Appeal to the Monetary Board of CBSL**

A person aggrieved by the declining of the proposed nomination, election or appointment by the CBSL Director, may within ten (10) working days of receipt of the communication sent by CCL make an appeal giving reasons in writing in justifiable manner to the Monetary Board of CBSL.

#### **11. RE ELECTION OF BOARD OF DIRECTORS**

- Annual Elections:

Board elections are held annually, and the process is outlined in the organization's Article of Association. The timeline, nomination period, and voting procedures will be clearly communicated to all stakeholders.

- Proxy Voting:

Proxy voting is allowed to facilitate broader participation in the election process. Guidelines are established to ensure the integrity and transparency of proxy voting procedures.



## **Annexure 1**

### **Information and documentation required for assessment of fitness and propriety of KRPs**

#### 1. Nomination , Election or appointment of new KRP

- The original affidavit
- A letter from the previous directorship, employment or contract term immediately preceding the appointment regarding the level of performance of duties assigned in the particular organization.
- In addition to the above, a Board resolution with a justification for the appointment of a consultant or an advisor to the board of directors, board sub-committees or senior management of the LFC.

#### 2. Existing/continuing key responsible persons

##### 2.1. Board of directors and CEO

- Duly filled the original affidavit
- Self- assessment
- Chairpersons assessment
- Board resolution
- Non-Executive directors' assessment on the chairperson performance

##### 2.2. Other Key Responsible persons

- Duly filled the original affidavit
- Self-assessment
- In addition to the above, the following assessments are required covering the performance and the contribution with key achievements during the past 12 months,
  - I. CEO's assessment
    - Consultant or advisors to the senior management

- Other key responsible persons

II. Chairperson's assessment

-Consultant or advisors to the board of directors or board sub-committees

**End of the document**