

Policy on Board Committees

Co-operative Insurance Company PLC

1. Purpose

This policy establishes a framework for the creation, responsibilities, composition, and functioning of Board Committees for Co-operative Insurance Company PLC. It ensures that Board Committees operate in compliance with the **Listing Rules of the Colombo Stock Exchange (CSE)**, **Insurance Regulatory Commission of Sri Lanka (IRCSL)** regulations, and other applicable governance standards.

2. Scope

This policy applies to all standing and ad hoc committees established by the Board of Directors. Each committee is responsible for assisting the Board in fulfilling its oversight responsibilities in specific areas.

3. Key Principles

3.1 Delegated Authority: Committees operate under the delegated authority of the Board and report directly to it.

3.2 Transparency: Committee activities and decisions must be transparent and documented.

3.3 Independence: Committees shall include independent directors in accordance with regulatory and governance requirements.

3.4 Accountability: Committees are accountable to the Board and must operate within their approved Terms of Reference (TOR).

4. Types of Board Committees

The Board shall establish the following key committees, which are mandatory for listed insurance companies, In addition to that board shall establish Business Development Committee, HR Committee and Purchasing &Tender Committee.

4.1 Audit Committee

Purpose: Assist the Board in overseeing financial reporting, internal controls, and compliance with regulatory requirements.

Responsibilities:

- Review financial statements, ensuring accuracy and compliance with CSE and IRCSL requirements.
- Oversee internal and external audits.
- Monitor the adequacy of internal controls and risk management systems.
- Ensure compliance with laws and regulations.

Composition:

- Comprise at least three members, with the majority being independent non-executive directors.
- Chaired by an independent director with financial expertise.

Meetings:

- Monthly, with additional meetings as needed.
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4.2 Risk Management Committee

Purpose: Oversee the company's risk management framework and ensure adequate mechanisms are in place to identify, assess, and mitigate risks.

Responsibilities:

- Monitor solvency and capital adequacy in line with IRCSL standards.
- Evaluate and approve the risk management framework and policies.
- Review reinsurance arrangements and disaster recovery plans.
- Monitor emerging risks and advise the Board accordingly.

Composition:

- Include members with expertise in risk management and insurance.
- Chaired by a non-executive director.

Meetings:

- At least quarterly, or as required by the Board.

4.3 Nominations and Governance Committee

Purpose: Ensure the Board has the appropriate composition, skills, and governance practices.

Responsibilities:

- Identify and recommend candidates for Board and senior management positions.
- Oversee succession planning for directors and executives.
- Monitor Board diversity, independence, and governance practices.
- Ensure compliance with fit and proper criteria established by the IRCSL.

Composition:

- Comprise at least three non-executive directors, with a majority being independent.
- Chaired by an independent non-executive director.

Meetings:

- At least twice annually.
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4.4 Remuneration Committee

Purpose: Oversee the remuneration policies and practices for directors, senior management, and employees.

Responsibilities:

- Recommend remuneration packages for the Board and senior executives, ensuring alignment with company objectives and market practices.
- Evaluate performance-linked incentives.
- Ensure transparency and compliance with disclosure requirements under CSE and IRCSL guidelines.

Composition:

- Majority of members shall be non-executive directors, with an independent director as Chair.

Meetings:

- At least once annually or as required.

4.5 Investment Committee

Purpose: Supervise the company's investment strategy and portfolio to ensure alignment with regulatory requirements and risk appetite.

Responsibilities:

- Approve and monitor investment policies and strategies.
- Evaluate the performance of the investment portfolio.
- Ensure compliance with IRCSL investment regulations and risk limits.

Composition:

- Include members with financial and investment expertise.
- Chaired by a non-executive director.

Meetings:

- At least quarterly.
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5. Committee Composition and Membership

5.1 Appointments: Members are appointed by the Board based on their skills, expertise, and independence.

5.2 Rotation: Members shall serve for a term of 3 years, renewable at the discretion of the Board.

5.3 Vacancies: Vacancies must be filled promptly to ensure compliance with regulatory requirements.

6. Committee Operations

6.1 Terms of Reference (TOR): Each committee shall operate under a Board-approved TOR that defines its scope, authority, and responsibilities.

6.2 Reporting to the Board: Committees shall submit reports and recommendations to the Board after each meeting.

6.3 Performance Evaluation: Committees shall conduct annual self-assessments to evaluate their effectiveness.

7. Confidentiality and Ethics

7.1 Committee members shall maintain the confidentiality of discussions and information.

7.2 Members must act ethically and in the best interest of the company and its stakeholders.

8. Review and Amendments

8.1 This policy shall be reviewed annually or as required to align with regulatory changes and best practices.

8.2 Amendments to the policy must be approved by the Board of Directors.

Approved by the Board of Directors