

# Policy on Corporate Governance, Nomination, and Re-Election

Co-operative Insurance Company PLC

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## 1. Purpose

This policy outlines the corporate governance principles, nomination processes, and re-election criteria for the Board of Directors of Co-operative Insurance Company PLC. It ensures alignment with the **Listing Rules of the Colombo Stock Exchange (CSE)**, **Insurance Regulatory Commission of Sri Lanka (IRCSL)** guidelines, and other applicable governance codes to promote accountability, transparency, and effective oversight.

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## 2. Scope

This policy applies to the Board of Directors, Board Committees, and senior management of Co-operative Insurance Company PLC. It provides a framework for governance practices, the nomination of directors, and their re-election at the Annual General Meeting (AGM).

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## 3. Corporate Governance Principles

The company commits to upholding the following principles:

### 3.1 Accountability

- The Board is accountable to shareholders, policyholders, and other stakeholders for the company's performance and compliance with regulations.

### 3.2 Transparency

- Accurate, timely, and comprehensive disclosures will be made to all stakeholders in compliance with CSE and IRCSL requirements.

### 3.3 Fairness

- The Board will ensure equitable treatment of all stakeholders, including minority shareholders and policyholders.

### 3.4 Sustainability

- The company will integrate environmental, social, and governance (ESG) factors into its decision-making processes.

### 3.5 Compliance

- The company will adhere to all applicable laws, including the Companies Act No. 7 of 2007, IRCSL regulations, and CSE rules.
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## 4. Nomination of Directors

### 4.1 Nomination Process

The Nomination and Governance Committee shall oversee the nomination of directors by:

- Identifying candidates with the appropriate skills, experience, and qualifications.
- Considering diversity, including gender, expertise, and industry knowledge.
- Assessing candidates' ability to meet the **fit and proper criteria** stipulated by the IRCSL.
- Recommending nominees to the Board for approval and subsequent shareholder endorsement.

### 4.2 Eligibility Criteria

Nominees must:

- Possess expertise in fields such as insurance, finance, law, governance, or risk management.
- Have a track record of ethical leadership and good corporate citizenship.
- Be independent of conflicts of interest.
- Be able to commit the time and effort required for effective Board service.

### 4.3 Board Composition

The Board shall maintain an optimal composition to ensure balanced decision-making:

- A minimum of one-third of directors must be independent non-executive directors.

- The Board should reflect a diversity of thought, experience, and background.
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## **5. Re-Election of Directors**

### **5.1 Tenure and Term Limits**

- Directors shall serve for a term till retire by rotation as defined by the Articles of Association of the company subject to re-election by shareholders at the AGM.
- Independent non-executive directors may serve a maximum of nine years to maintain independence and objectivity.

### **5.2 Performance Evaluation**

- Directors seeking re-election shall be subject to an annual performance evaluation conducted by the Nomination and Governance Committee.
- The evaluation will assess attendance, participation, and overall contributions to the Board's effectiveness.

### **5.3 Approval at the AGM**

- Directors shall be re-elected by a simple majority vote of shareholders at the AGM, following a recommendation by the Board.
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## **6. Responsibilities of the Nomination and Governance Committee**

The Nomination and Governance Committee shall:

- Monitor and ensure compliance with corporate governance standards.
  - Develop and recommend policies on Board composition and diversity.
  - Facilitate training and development for Board members.
  - Oversee succession planning for directors and senior executives.
  - Conduct annual evaluations of the Board's performance and governance practices.
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## **7. Director Independence and Conflicts of Interest**

### **7.1 Independence**

- The independence of non-executive directors shall be assessed annually based on criteria established by the CSE and IRCSL.

## **7.2 Conflicts of Interest**

- Directors must disclose any potential conflicts of interest at the time of nomination and during their tenure.
  - A director with a material conflict of interest must recuse themselves from relevant discussions and decisions.
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## **8. Disclosure and Reporting**

- The Board shall ensure that governance practices, director nominations, and re-election policies are disclosed in the company's Annual Report in compliance with CSE and IRCSL guidelines.
  - Disclosures shall include:
    - Details of Board composition and independence.
    - Succession planning and diversity policies.
    - Evaluation processes and criteria for director re-election.
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## **9. Training and Development**

- Directors shall undergo orientation upon appointment and participate in continuous professional development programs.
  - Training shall focus on industry developments, governance trends, and regulatory changes.
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## **10. Compliance and Review**

- The policy shall be reviewed annually to ensure alignment with regulatory requirements and best practices.
  - The Board retains the authority to amend the policy as necessary, subject to regulatory approval.
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**Approved by the Board of Directors**