

# Policy on Matters Relating to the Board of Directors

Co-operative Insurance Company PLC

## 1. Purpose

This policy establishes the framework governing the responsibilities, composition, and functioning of the Board of Directors of Co-operative Insurance Company PLC. It ensures compliance with the Insurance Regulatory Commission of Sri Lanka (IRCSL) regulations, promotes effective governance, and safeguards the interests of shareholders, policyholders, and stakeholders.

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## 2. Scope

This policy applies to the Board of Directors, including independent and executive directors, and any Board committees established by the company.

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## 3. Roles and Responsibilities of the Board

The Board shall:

- 3.1 **Strategic Direction:** Define the company's vision, mission, and strategy, ensuring alignment with long-term objectives.
  - 3.2 **Regulatory Compliance:** Ensure adherence to IRCSL regulations, the Companies Act No. 7 of 2007, and other applicable laws.
  - 3.3 **Risk Management:** Oversee the identification, assessment, and mitigation of risks, ensuring the company's solvency and financial stability.
  - 3.4 **Policyholder Interests:** Protect the rights and interests of policyholders by ensuring transparency and fairness in operations.
  - 3.5 **Financial Oversight:** Approve budgets, financial statements, and audit reports; ensure solvency and capital adequacy in line with IRCSL requirements.
  - 3.6 **Executive Oversight:** Appoint, monitor, and evaluate the Chief Executive Officer (CEO) and senior management.
  - 3.7 **Sustainability:** Promote sustainable business practices and corporate social responsibility (CSR) initiatives.
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## 4. Composition of the Board

4.1 **Size:** The Board shall consist of Minimum 2 and Maximum 14 directors as per the Articles of Association of the company.

4.2 **Independence:** At least one-third or specify proportion of the Board members shall be independent directors in compliance with IRCSL and corporate governance codes.

4.3 **Diversity:** The Board shall ensure a mix of skills, expertise, and diversity to provide balanced decision-making.

4.4 **Qualifications:** Directors must possess relevant qualifications, experience in insurance, finance, law, or related fields, and comply with IRCSL's fit and proper criteria.

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## 5. Appointment, Tenure, and Removal

5.1 **Nomination Process:** Directors shall be nominated by the Nominating and Governance Committee and approved by Board of directors for the casual vacancies and / or the shareholders at the Annual General Meeting (AGM) as defined by the Articles of Association of the company.

5.2 **Term Limits:** Directors shall serve a term till retire by rotation as per the Articles of Association of the company and renewable up to maximum term as per the IRCSL and corporate governance rules subject to performance reviews.

5.3 **Vacancy and Removal:** Vacancies shall be filled promptly following IRCSL guidelines. Directors may be removed in accordance with the Companies Act and the company's Articles of Association.

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## 6. Board Meetings

6.1 **Frequency:** The Board shall meet at least once a month and as required.

6.2 **Quorum:** A quorum shall consist of majority of the board members as per the Articles of Association of the company.

6.3 **Agenda and Minutes:** The Chairman shall approve the agenda. Minutes shall be documented and circulated before 7 days for the next board meeting.

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## 7. Board Committees

The following committees shall assist the Board:

7.1 **Audit Committee:** Oversight of financial reporting, audits, and compliance with IRCSL solvency standards.

7.2 **Risk Management Committee:** Evaluation of risk frameworks, reinsurance arrangements, and mitigation strategies.

7.3 **Nominating and Governance Committee:** Recommendations on Board appointments,

succession planning, and governance practices.

7.4 **Remuneration Committee:** Oversight of executive remuneration and incentive policies.

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## 8. Conflicts of Interest

8.1 Directors shall disclose any conflicts of interest annually and as they arise.

8.2 Directors with a conflict shall recuse themselves from discussions and decisions related to the conflict.

8.3 The company shall maintain a register of interests in compliance with regulatory requirements.

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## 9. Board Evaluation and Development

9.1 **Performance Evaluation:** The Board shall conduct annual self-assessments to evaluate effectiveness.

9.2 **Training:** Directors shall undergo continuous professional development, particularly on insurance regulations and industry trends.

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## 10. Confidentiality and Ethical Conduct

10.1 Directors shall maintain the confidentiality of all proprietary and sensitive information.

10.2 All directors shall adhere to the company's Code of Conduct and act in the best interest of the company and its stakeholders.

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## 11. Compliance with Regulatory and Governance Standards

11.1 The Board shall ensure compliance with the following:

- IRCSL regulations.
- Corporate Governance Code of Sri Lanka.
- Companies Act No. 7 of 2007.

11.2 Any amendments to this policy shall be approved by the Board and disclosed to relevant stakeholders.

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## **12. Policy Review**

This policy shall be reviewed annually or as required to ensure alignment with regulatory changes and business needs.

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**Approved by the Board of Directors**