

# **SINGER FINANCE**

## **POLICY ON BOARD COMMITTEES**

**In Compliance with CSE Listing Rule 9.2.1 (b)**

**VERSION 1.0**

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

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**DOCUMENT AND VERSION CONTROL**

**Document Type**  
Policy document

**Document Name**  
Policy on Board Committees

**Document No**  
CSE Policies - 2

**Version/Revision**  
1.0

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24/09/2024

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

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**RELATED DOCUMENTS**

Central Bank of Sri Lanka -Finance Business Act Direction -No. 05 of 2021 (Corporate Governance)

CSE Listing Rules -Sub Section 9.2.1, 9.3, 9.11, 9.12, 9.13, 9.14 of Section 9

**ABBREVIATIONS USED IN THIS POLICY**

CSE -Colombo Stock Exchange

FC -Finance Company

LFCs -Licensed Finance Companies

BAC -Board Audit Committee

BIRMC – Board Integrated Risk Management Committee

SFL- Singer Finance

BOD- Board of Directors

KMP's- Key Management Personal

CG – Corporate Governance

NED's- Non-Executive Directors

RPTRC- Related Party Transactions Review Committee

## **Contents**

<b>1. NEED FOR THE POLICY .....</b>	<b>5</b>
<b>2. SCOPE .....</b>	<b>5</b>
<b>4. CHAIRPERSON .....</b>	<b>5</b>
<b>5. NON-MANDATORY COMMITTEES.....</b>	<b>5</b>
<b>6. DETERMINATION OF APPLICABLE BOARD COMMITTEES AS PER CBSL.....</b>	<b>6</b>
<b>6.1 Comparison of common requirements set out in CBSL direction and Listing Rules of CSE – Audit Committee.....</b>	<b>7</b>
<b>6.2 Board Integrated Risk Management Committee (BIRMC).....</b>	<b>7</b>
<b>6.3 Comparison of common requirements set out in CBSL direction and Listing Rules of CSE- Nomination &amp; Governance Committee.....</b>	<b>7</b>
<b>6.4 Comparison of common requirements set out in CBSL and Listing Rules of CSE- Remuneration Committee .....</b>	<b>8</b>
<b>6.5 Comparison of common requirements set out in CBSL direction and Listing Rules of CSE - Related Party Transactions Review Committee.....</b>	<b>8</b>
<b>7. ADHERENCE TO SUB SECTIONS OF CSE .....</b>	<b>9</b>
<b>8. MINUTES OF MEETINGS.....</b>	<b>11</b>
<b>9. REVIEW OF THE POLICY .....</b>	<b>12</b>

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

---

**1. NEED FOR THE POLICY**

To comply with the requirements set out in Section 9.2.1 (b) of Section 9 of Listing Rules issued by Colombo Stock Exchange. Section 9.3 (9.3.1 to 9.3.3) covers the core requirements of this section) and Sections 9.11, 9.12, 9.13, 9.14 covers the detailed requirements of this section.

For this policy, the term “Company” is defined to mean Singer Finance (Lanka)PLC-(SFL)

The primary purpose for this policy is to cover the Colombo Stock Exchange Listing Rule No 9.2.1 (b). As Singer Finance is a registered finance company of the Central Bank of Sri Lanka (CBSL), the guidelines and rules of the CBSL, Finance Business Act – Direction No-05 of 2021 and the Companies Act No.07 of 2007 are incorporated and read in conjunction with this policy. The core requirements of the CSE, CBSL, Finance Business Act and the Companies Act No.07 of 2007 do not compromise each other, however, in the event there is a situation where a distinction prevails, the regulatory requirement will take precedence over the rest. If there is such a distinction, this policy will mention such distinction in the relevant section.

**2. SCOPE**

This policy applies to all Singer Finance (Lanka)PLC Board Committees.

**3. BOARD SUB COMMITTEES AS PER CSE'S LISTING RULE 9.3.1**

SFL shall have the following Board- Sub Committees functioning effectively at all times

- i. Nominations and Governance Committee
- ii. Remuneration Committee
- iii. Audit Committee
- iv. Related Party Transactions Review Committee

**4. CHAIRPERSON**

The Chairperson of the Board of Directors of Singer Finance shall not be the Chairperson of the Board Committees referred to in the above section-3

**5. NON-MANDATORY COMMITTEES**

Singer Finance has formed the following CSE Non-Mandatory Committees to broaden the governance practices further; item ii and iii below stem from CBSL requirements, and they are Management committees.

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

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- i. Credit Committee
- ii. ALCO (Asset Liability Management Committee)
- iii. AML/CFT Committee
- iv. Executive Management Committee

**6. DETERMINATION OF APPLICABLE BOARD COMMITTEES AS PER CBSL**

**Applicable Central Bank of Sri Lanka Direction is:**

Finance Business Act Direction 05 of 2021 – direction 10 and sub-sections of Direction 10

Direction 10.1 (a) of Finance Business Act Direction No. 05 of 2021 of Central Bank of Sri Lanka, set out the guidelines to determine the applicable Board Committees based on the size of the asset base, FCs with asset base of more than Rs. 20 Bn and FCs with an asset base of less than Rs. 20 Bn, subject to transitional provisions stated in direction 19.3

As SFL’s asset base is more than Rs. 20 Bn, requirements for FCs with asset base of more than Rs. 20 Bn will be applicable. As per direction 10.1(a) the company shall establish the following board committees and shall hold meetings at least once in two months for BAC and BIRMC, other committees shall meet at least annually.

Board Audit Committee (BAC)

Board Integrated Risk Management Committee (BIRMC)

Nomination Committee

Human Resources and Remuneration Committee

Related Party Transaction Review Committee

**Following differences in Committee name terminology should be noted**

<b>As per Central Bank of Sri Lanka</b>	<b>As per Colombo Stock Exchange</b>
Nomination Committee	Nominations and Governance Committee
Human Resources and Remuneration Committee	Remuneration Committee

SFL will use the terminology as per CBSL guidelines in day-to-day operations.

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

**6.1 Comparison of common requirements set out in CBSL direction and Listing Rules of CSE – Audit Committee**

<b>Requirement</b>	<b>As per CBSL</b>	<b>As per Listing Rules</b>	<b>Company's stance</b>
No of Directors	At least 3 Directors	At least 3 Directors	Shall adhere to both CBSL and Listing Rules
Composition	All members shall be Non-Executive Directors, and majority shall be independent directors	All members shall be Non-Executive Directors, Minimum of two (02) or a majority of the members, whichever is higher shall be independent directors	Shall adhere to both CBSL and Listing Rules
Chairperson	Independent director with qualifications and experience in accounting and/or Audit	Independent director	Shall adhere to both CBSL and Listing Rules

**6.2 Board Integrated Risk Management Committee (BIRMC)**

The Company shall adhere to direction 10.3 of the Finance Business Act Direction No. 05 of 2021 in deciding the composition, Chairmanship of the committee, functions, responsibilities and disclosure requirements.

**6.3 Comparison of common requirements set out in CBSL direction and Listing Rules of CSE- Nomination & Governance Committee**

<b>Requirement</b>	<b>As per CBSL</b>	<b>As per Listing Rules</b>	<b>Company's stance</b>
No of Directors	At least 3 Directors	At least 3 Directors	Shall adhere to both CBSL and Listing Rules
Composition	All members shall be Non-Executive Directors and preferably the majority may be independent directors	Out of 3, a minimum 2 Directors shall be Independent Directors	Shall adhere to both CBSL and Listing Rules

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

Chairperson	Independent director	Independent director	Shall adhere to both CBSL and Listing Rules
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**6.4 Comparison of common requirements set out in CBSL and Listing Rules of CSE-Remuneration Committee**

<b>Requirement</b>	<b>As per CBSL</b>	<b>As per Listing Rules</b>	<b>Company's stance</b>
No of Directors	At least 3 Directors	At least 3 Directors	Shall adhere to both CBSL and Listing Rules
Composition	Majority of the members shall be Non-Executive Directors	Out of 3, a minimum 2 Directors shall be Independent Directors	Shall adhere to Listing Rules as the requirement as per Listing Rules is more stringent compared to CBSL requirement.
Chairperson	Non-Executive director	Independent director	Shall adhere to both CBSL and Listing Rules

**6.5 Comparison of common requirements set out in CBSL direction and Listing Rules of CSE - Related Party Transactions Review Committee**

<b>Requirement</b>	<b>As per CBSL</b>	<b>As per Listing Rules</b>	<b>Company's stance</b>
No of Directors	At least 3 Directors	At least 3 Directors	Shall adhere to both CBSL and Listing Rules
Composition	All members shall be non-executive directors,	May include both Executive and Non-Executive directors, Minimum of two (02) should be independent directors	Shall adhere to CBSL requirement as the CBSL requirement is more stringent compared to Listing Rule requirement.
Chairperson	Independent director	Independent director	Shall adhere to both CBSL and Listing Rules



**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

**7. ADHERENCE TO SUB SECTIONS OF CSE**

The company shall adhere to the following key subsections in relation to the four statutory subcommittees defined by the CSE, these are listed in brevity below:

<b>Sub Section</b>	<b>Description</b>	<b>Sub Committee Attributable to</b>
9.11.2	Shall maintain a formal procedure for the appointment of and re-election of Directors	Nominations and Governance Committee
9.11.3	Shall have a written term of reference	Nominations and Governance Committee
9.11.4 (3)	Chairperson and Committee members shall be identified in the annual report	Nominations and Governance Committee
9.11.5 (i) and (ii)	Shall evaluate, consider and recommend appointments	Nominations and Governance Committee
9.11.5 (iii)	Shall establish a transparent procedure to evaluate, select and appoint /re appoint Directors	Nominations and Governance Committee
9.11.5 (iv)	Shall establish and maintain a set of criteria for selection of Directors (Such as qualifications, skills and experience)	Nominations and Governance Committee
9.11.5 (v)	Shall have a suitable process for the evaluation of the performance of the BOD and CEO	Nominations and Governance Committee
9.11.5 (vi)	Shall develop and maintain a succession plan for the Board of Directors and KMPs	Nominations and Governance Committee
9.11.5 (vii)	Shall review structure, size, and composition of Board and Board Sub Committee with regard to effective discharge of duties and responsibilities	Nominations and Governance Committee
9.11.5 (viii)	Review and recommend overall CG framework in line with CSE, regulator and international best practices	Nominations and Governance Committee
9.11.5 (ix)	Periodically review and update the CG policies /Framework of SFL in line with regulatory requirements.	Nominations and Governance Committee
9.11.5 (ix)	Receive reports from Management on compliance with CG framework including provisions of the SEC Act,	Nominations and Governance Committee

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

<b>Sub Section</b>	<b>Description</b>	<b>Sub Committee Attributable to</b>
	Listing rules of the CSE, together with deviations and non-compliances	
9.11.6 (a) to (m)	Disclosures required in the Annual Report as per sub section a) to m) shall be adhered to	Nominations and Governance Committee
9.12.3	Shall establish and maintain a formal and transparent procedure for Policy on Executive Directors remuneration and fixing the packages of Individual Directors	Remuneration Committee
9.12.4	Remuneration of NED's should be based on a non-discriminative basis and keeping intact their independence	Remuneration Committee
9.12.5	Shall have a written terms of reference	Remuneration Committee
9.12.7 (1) & (2)	We shall recommend the remuneration payable to ED's, CEO and Equivalent positions of SFL to the Board of the Company which will make the final determination. The remuneration committee may engage external consultants or expertise to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	Remuneration Committee
9.12.8 (a) to (C)	Disclosures required in the Annual report as per sub section a) to c) shall be adhered to	Remuneration Committee
9.13.2	The Audit Committee shall have written terms of reference	Audit Committee
9.13.3 (2)	The majority attending a meeting should be independent to satisfy the quorum.	Audit Committee
9.13.3 (3)	The audit committee can meet as often as it deems, but it is compulsory to meet quarterly before recommending Interim Financials to be released to the market (However, Audit Committee Meetings are conducted once in two months as per the CBSL requirements)	Audit Committee
9.13.3 (6)	Unless deemed otherwise the CEO and CFO of the company shall attend the Audit Committee meeting by invitation.	Audit Committee
9.13.4(1) (i) to (xiii)	The functions of the audit committee listed out in sections 9.13.4(1) (i) to (xiii) shall be adhered to	Audit Committee
9.13.5 (1) to (2) (a to i)	The relevant Annual Report Disclosures as per sections 9.13.5 (1) to (2) (a to i) shall be adhered to	Audit Committee
9.14.3 (3)	The objective and the economic and commercial substance of related party transactions shall take precedence over the legal form and technicality.	RPTRC

**SINGER FINANCE (LANKA) PLC**  
**POLICY ON BOARD COMMITTEES**

<b>Sub Section</b>	<b>Description</b>	<b>Sub Committee Attributable to</b>
9.14.3 (4)	Shall establish and maintain clear policy, procedure and process in place for identification, clarification and reporting	RPTRC
9.14.4 (1)	Shall meet at least quarterly; meetings should be properly documented and communicated to the BOD's	RPTRC
9.14.4 (2)	Members should have adequate expertise, where necessary, should obtain appropriate expert advice	RPTRC
9.14.4 (3)	Where necessary, the RPTRC should get the BOD to approve related party transactions.	RPTRC
9.14.4 (4)	If a Director has a material interest in a transaction, he or she shall not attend the meeting nor vote on the matter	RPTRC
9.14.5 (1) to (6)	Sections from 9.14.5 (1) to (6) pertaining to the Review of transactions shall be carefully adhered to by the Company	RPTRC
9.14.6 (1) to (3)	Sections from 9.14.6 (1) to (3) pertaining to shareholder approval shall be carefully adhered to by the Company	RPTRC
9.14.7 (1) (a) and (b)	Sections from 9.14.7 (1) (a) and (b) pertaining to immediate disclosures shall be carefully adhered to by the Company	RPTRC
9.14.8 (1) to 4)	Sections from 9.14.8 (1) to 4) pertaining to Disclosures in the Annual Report shall be carefully adhered to by the Company.	RPTRC
9.14.9 (1) to (6)	Sections from 9.14.9 (1) to (6) pertaining to the Acquisition and Disposal of Assets from /to Related parties shall be carefully adhered to by the Company	RPTRC
9.14.10 (a) to (f)	Sections from 9.14.10 (a) to (f) pertaining to exempted Related Party Transactions shall be noted by the Company	RPTRC

**8. MINUTES OF MEETINGS**

As per Article 33 of Articles of Association, the board shall ensure that minutes are kept of all proceedings at meetings of the board.

The respective Sub Committee Secretaries shall minute the proceedings of the sub committees. Sub Committee meeting minutes are circulated to the Directors for comments before the minutes are finalised and confirmed. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held.

**9. REVIEW OF THE POLICY**

This Policy will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on Board Committees.



**Lasitha Dias**  
**Company Secretary**



**Nadeesha De Silva**  
**Compliance Officer**



**Eraj Fernando**  
**Head of Finance**



**Thushan Amarasuriya**  
**CEO**