

**POLICY ON
CORPORATE GOVERNANCE,
NOMINATIONS
AND
RE-ELECTION**

1. INTRODUCTION

Vallibel Finance PLC (“Vallibel Finance”) has well established Corporate Governance practices in place so as to ensure compliance with Statute, Directives of the Central Bank of Sri Lanka (CBSL) and the Listing Rules of the Colombo Stock Exchange. These practices follow a continued system of checks and balances vis-à-vis accountability, transparency, fairness, responsibility, and risk management and ensure that the Shareholders, employees and other stakeholders are safeguarded at all times. The Nomination and Governance Committee of Vallibel Finance has thus placed pivotal importance on the nomination to the Board and re-election of Directors and adherence to corporate governance practices.

2. KEY RESPONSIBILITIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee establishes and maintains a formal procedure for the appointment of new Directors and re-election of Directors to the Board. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

The Board shall on the recommendation of the Nominations and Governance Committee ensure that Directors are fit and proper as required in terms of the Directions of the CBSL and the Listing Rules before such nominations are placed before the shareholders’ meeting or appointments are made.

The key functions and responsibilities of the Committee are set out below;

(1) Appointment and Selection of Directors

- (a) establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific requirements.
- (b) establishing and maintaining a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of Vallibel Finance to ensure that their responsibilities are satisfactorily discharged.
- (c) ensuring that there is a succession plan for Board Directors and Key Management Personnel.
- (d) reviewing the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.

(2) Re-appointment and Re-election of Directors

The Committee shall also be responsible for;

- (a) considering and recommending (or not recommending) the re-appointment/re-election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the respective Director to meet the strategic demands of Vallibel Finance and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- (b) establishing and maintaining a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors to the Company.

(3) Corporate Governance

- (a) Review and recommend the overall corporate governance framework of the Company taking into account the Directions of the CBSL, Listing Rules and other applicable regulatory requirements and industry/international best practices.
- (b) Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.
- (c) Receive reports from the Management on compliance with the corporate governance framework of Vallibel Finance including compliance with provisions of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended), Directions of the CBSL, Listing Rules and other applicable laws, together with any deviations and non-compliances and the rational for same.

3. COMPOSITION

The members of the Nominations and Governance Committee shall;

- (a) comprise of a minimum of three (03) Directors of Vallibel Finance, out of which a minimum of two (02) members shall be Independent Directors of the Company.
- (b) not comprise of Executive Directors of the Company.

An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Company.

4. REVIEW OF THE POLICY

This policy shall be reviewed as and when necessary in accordance with the changes in the regulatory and business environment. Any revision or amendment to this policy shall be approved by the Board.

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