



AMW CAPITAL LEASING & FINANCE PLC

Summary of the Corporate Governance Framework

This policy covers the requirements specified under point 9.2.1 of the CSE Listing Rules Section 9 on Corporate Governance. The contents of this policy address the requirement ‘(a) Policy on the matters relating to the Board of Directors, (b) Policy on Board Committees, and (c) Policy on Corporate Governance, Nominations and Re-election’.

The following sections provide a summary of the content in the Corporate Governance Framework under each topic.

1.0 Approvals & Sign Off

The Corporate Governance Framework (“the framework” or “the policy”) was approved on 20th December 2024 by the Board of Directors of AMW Capital Leasing and Finance PLC (“AMWCL”).

2.0 Introduction

The corporate governance framework of AMW Capital Leasing and Finance PLC (AMWCL) underscores principles such as fairness, accountability, responsibility, and transparency. It aligns with the Central Bank’s directions, the Code of Best Practice on Corporate Governance, and the Colombo Stock Exchange’s rules. This document outlines governance practices for the Board of Directors, senior management, and other stakeholders, fostering long-term sustainability and ethical operations.

3.0 Roles & Responsibilities

3.1 Board of Directors

- Approves and oversees the corporate strategy, governance framework, and corporate culture.
- Ensures compliance with legal, regulatory, and ethical standards.
- Appoints and evaluates the Chairperson, CEO, and senior management.
- Establishes a sound risk management system, internal controls, and disaster recovery plans.
- Reviews and implements succession planning for senior management.

3.2 Chairperson

- Provides leadership to the Board and ensures effective governance.
- Maintains independence and balance between executive and non-executive directors.

- Conducts annual performance evaluations of the Board and CEO.

3.3 Chief Executive Officer

- Implement business strategies and manages daily operations.
- Builds a strong compliance culture and oversees submission of regulatory information.
- Participates in Board meetings, providing insights and updates on major developments.

3.4 Company Secretary

- Coordinates Board and shareholder meetings, maintaining accurate records.
- Advice on corporate governance and regulatory compliance.
- Manages stock exchange requirements and facilitates new director inductions.

4.0 Board Composition

The Board consists of 7 to 13 members, ensuring a balance of skills and experience. Key requirements include:

- At least one-third of directors must be independent.
- Directors' tenure is limited to nine years, with specific provisions for extensions.
- Individuals over 70 years may serve under strict conditions and approvals.

4.1 Senior Independent Director

If the Chairperson is not Independent, the Company may select one of the existing Independent Directors as the Senior Independent Director (SID). They will act as an intermediary for directors and shareholders and leads meetings in the Chairperson's absence.

4.2 Executive and Non-Executive Directors

- Executive directors manage operations and report to the Board, they report through the CEO.
- Non-executive directors provide independent judgment on strategy and performance.

5.0 Meetings of the Board of Directors

- The Board meets at least 12 times annually, with agendas prepared collaboratively by the Chairperson and Company Secretary.
- Directors can seek external professional advice at the company's expense to fulfill their duties effectively.
- The minutes of meetings are accessible to all directors for transparency.
- Decisions on key matters, including strategic plans, budgets, and risk policies, are reserved for Board approval.

6.0 Delegation of Authority

The Board delegates specific responsibilities to senior management and committees but retains oversight. Delegations are periodically reviewed to ensure alignment with the company's needs and regulatory requirements.

7.0 Matters Relating to the Board and Directors

7.1 Managing of Conflicts of Interest

Managing Conflicts of Interest is essential to ensure ethical decision-making, protect organizational integrity, and foster stakeholder trust. This applies to the Board, senior management, and employees.

Conflict arises when personal interests interfere with the company's interests. Examples include financial benefits, loans, or obligations related to family or external associations.

- Disclose conflicts before or during meetings.
- Board/Subcommittee determines participation rights for conflicted members.
- Record decisions, conflicts, and their resolutions in meeting minutes.
- Annual declarations of ongoing conflicts are required from directors and employees.
- Encourage proactive disclosure to maintain transparency and avoid undue influence.

7.2 Capacity Building of Board Members

Training is required by Board members to equip them with the necessary qualifications, skills, and knowledge for effective governance. Regular training and development programs tailored to specific or technical needs may be assigned for Board members.

7.3 Assessment Criteria on Directors' Performance

To evaluate directors to ensure responsibilities are effectively discharged self-assessment for individual directors are carried out, and Chairperson assesses the non-executive directors. Chairperson's performance is evaluated by non-executive directors.

8.0 Corporate Governance

Board of Directors holds ultimate responsibility for governance and compliance with legal, regulatory, and ethical standards. BOD Sets strategic objectives, monitors management performance, and ensures long-term stakeholder value.

Specialized Board committees are established with clear terms of reference, including Audit, Risk Management, Remuneration, Related Party Transactions, and Nomination Committees. Committees ensure efficient oversight and alignment with governance best practices.

9.0 Board Sub Committees

- **Audit Committee:** Ensures robust financial reporting and internal controls.
- **Risk Management Committee:** Monitors and addresses financial and operational risks.
- **Remuneration Committee:** Develops compensation policies for executives and directors.
- **Related Party Transactions Committee:** Oversees transactions to prevent conflicts of interest.
- **Nomination and Governance Committee:** Handles Board appointments and succession planning.

Committees are chaired by independent directors and include members with relevant expertise. Meetings are held quarterly or as required, with minutes submitted to the Board. It is the responsibility of each committee to maintain clear terms of reference, including authority, meeting frequency, and reporting requirements.

10.0 Nominations and Re-Elections

Nomination Criteria:

- Candidates must have relevant qualifications, experience, and expertise.
- Diversity in skills, gender, and background are prioritized.

Appointment Process:

- The Nomination Committee evaluates candidates and conducts background checks.
- Final approval is given by shareholders at the Annual General Meeting (AGM).

Re-election of Directors:

- Directors are subject to re-election based on performance evaluations.
- The Nomination Committee reviews contributions, attendance, and adherence to governance standards.

Communication:

- Information about candidates standing for re-election is disclosed in the AGM notice.

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