



CORPORATE GOVERNANCE REQUIREMENTS APPLICABLE IN RESPECT OF ENTITIES SPECIFIED IN SECTION 9 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE RULE 9.2 POLICIES

Fairfirst Insurance Limited is not a listed entity in Sri Lanka; besides, Fairfax Financial Holdings Limited, the holding company of Fairfirst is listed under Canada Stock Exchange. Even though Fairfirst is not listed it governs by the Rules of the Colombo Stock Exchange on Corporate Governance, Code of Best Practice on Corporate Governance – 2023 issued by Institute of Chartered Accountants of Sri Lanka and Insurance Regulatory Commission of Sri Lanka and other applicable laws Sri Lanka.

The Company complies with the following legislation, rules and regulations,

- Companies Act, No. 07 of 2007
- Regulation of Insurance Industry Act, No. 43 of 2000 as amended
- Directions, Determinations and Circulars issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)
- Directions and Determinations of Inland Revenue Act, No. 24 of 2017 (as amended)
- CSE Rules on Corporate Governance (as mandated by the IRCSL)
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (voluntary compliance)
- Financial Transactions Reporting Act, No. 06 of 2006
- Company's Articles of Association.

This disclosure is to comply with Rule 9.2 of the Colombo Stock Exchange (CSE) Listing Rules, whereby the Company is required to establish and maintain the following Policies.

- 1) Policy on the matters relating to the Board of Directors
- 2) Policy on Board Committees
- 3) Policy on Corporate Governance, Nominations and Re-election
- 4) Policy on Remuneration
- 5) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- 6) Policy on Risk management and Internal controls
- 7) Policy on Relations with Shareholders and Investors
- 8) Policy on Environmental, Social and Governance Sustainability
- 9) Policy on Control and Management of Company Assets
- 10) Policy on Shareholder Investments
- 11) Policy on Corporate Disclosures
- 12) Policy on Whistleblowing
- 13) Policy on Anti-Bribery and Corruption

Fairfirst Insurance Limited has developed and implemented the above policies as mandated by the CSE. The Company has combined or segregated the policies, as applicable and relevant, to ensure a cohesive framework and to provide better clarity for the adoption and implementation of such policies. These policies, which have been integrated into the Fairfax Financial Holdings Limited - Canada (Group) governance framework over a period of time, ensures the adoption of best practices, as applicable to a diversified conglomerate such as the Group, and compliance with regulatory requirements.



Together with the Operating Model of the Group, each of the above policies provides a broad framework for the monitoring and implementation of the respective policies.

Below are the key features of each policy mandated under Section 9 of the CSE Listing Rules:

1) Matters relating to the Board of Directors:

This policy outlines the roles, responsibilities, and conduct expected of board members to ensure effective oversight and strategic direction. It encompasses guidelines on board composition, meeting procedures, conflict of interest management, fit & proper assessment and performance evaluation and adherence to laws and ethical standards. By defining these parameters, the policy aims to promote transparency, accountability, and sound decision-making, thereby supporting the company's long-term success and adherence to regulatory and ethical standards.

It covers responsibilities related to the maximum number of directorships that may be held in listed entities, meeting attendance, decision-making, managing conflicts of interest, timely disclosures, evaluations and adherence to laws and ethical standards.

Includes guidelines on the roles of the Chairperson and CEO, Board evaluations, and interactions with shareholders to ensure effective governance.

2) Board Committees:

This policy outlines the framework and guidelines for the establishment, operation, and management of Board committees within our organization. It ensures that committees are structured effectively to support the Board's responsibilities and enhance overall governance. The policy defines the roles, responsibilities, and composition of various committees, and establishes procedures for their functioning and reporting. By adhering to this policy, we aim to promote transparency, accountability, and efficiency in the decision-making process.

It also outlines the committees' reporting obligations to the Board, including oversight on policies, processes, and risk management.

3) Corporate Governance Nominations and Re-election Policy:

The governance policy and structure of the company allows effective and efficient decision making which combines the right balance of authority and power throughout the organization. The governance framework comprises the process and structures, which affect the way in which the Company is directed, managed, monitored and its activities are reported.

This policy outlines the framework and guidelines for the establishment, operation, and management of Corporate Governance, Nominations and Re-election within our organization. It ensures that committee 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 always safeguarded. The Nomination and Governance Committee of Fairfirst has thus placed pivotal importance on the nomination to the Board and re-election of Directors and adherence to corporate governance practices.



ESG (Environmental, Social, Governance) responsibilities are highlighted to ensure that governance practices incorporate sustainable practices across operations.

Establishes a clear, transparent process for identifying, evaluating, and appointing new Board members and re-electing existing ones.

It includes criteria for evaluating potential and current Directors, such as legal compliance, qualifications, and competencies.

Provides guidelines for Board member tenure, succession planning, and a structured process for induction, training, and professional development.

4) Policy Remuneration:

The purpose of this policy is to provide a direction on fair, just, equitable and transparent remuneration. Fairfirst is committed to creating a workplace that attracts, motivates, rewards and retains competent and talented individuals. The remuneration policy aims to provide clear and transparent guidelines for the Company to develop market-related, modern remuneration practices that achieve the Company objectives, promoting positive outcomes and ethical culture and responsible corporate citizenship.

Outlines the framework for determining compensation for the Board, members of Board Committees, key personnel, and employees.

The policy ensures that remuneration is competitive and aligned with the Company's performance-based remuneration philosophy.

It defines how compensation for Non-Executive Directors is determined and emphasizes that there will be no self-determination of remuneration.

5) Code of Conduct:

Establishes minimum standards of behaviour, professionalism, and integrity for all employees, including Directors and management.

Key areas include loyalty to the Group/company, compliance with laws, ethical business practices, fraud prevention, confidentiality, fair competition, and respect for human rights.

The policy also includes guidance on insider trading, privacy, and the use of company assets and technology, with a strong focus on diversity, inclusion, and health and safety.

6) Risk Management Policy

Outlines the overall risk appetite and the governance framework for identifying, managing, and mitigating risks at both the Group, Company and business unit levels, as relevant.



7) Policy on Relations with Shareholders and Investors:

The policy highlights the Company's relationship with Shareholders and Investors and lays down the essential principles and criteria governing the relations/communication with shareholders and investors.

The Company recognizes the importance of engaging with its shareholders and investors by providing them with appropriate information and facilities to allow them to assist and strengthen the Company actively. The Company expects the shareholders to exercise their rights as shareholders effectively and both the shareholders and investors to provide new ideas and suggestions for the development of the Company, which includes the continuous evaluation of the operations and governance processes of the Company.

8) Policy on Environmental, Social and Governance Sustainability:

The policy highlights the Company's commitment to Environmental, Social, and Governance (ESG) principles, ensuring that these factors are integrated into business practices.

Focuses on environmental stewardship, social responsibility, community outreach, and governance standards, with clear commitments and regulatory benchmarks for measuring performance.

9) Control and Management of Company Assets:

This policy aims to ensure that all company assets (tangible and intangible) are properly accounted for, safeguarded, and efficiently utilized.

It sets strategies for asset acquisition, maintenance, disposal, tracking, and inventory, and includes measures to prevent loss, theft, or misuse.\

It also covers compliance, audits, and the responsible use of assets for legitimate business purposes.

10) Policy on Corporate Disclosures

Fairfirst recognizes the importance of transparent and timely communication with its stakeholders. This Corporate Disclosure Policy establishes guidelines for the disclosure of material information, ensuring compliance with the Colombo Stock Exchange (CSE), Insurance Regulatory Commission of Sri Lanka, the Registrar of Companies with regard to Statutory filings and as well as per Fairfirst parent company, Fairfax Financia Holdings Limited Public Disclosure Policy.

11) Management of Shareholder Investments:

Provides a comprehensive framework for managing the Company's investments to maximize shareholder value.



It outlines ethical considerations, including ESG factors, in investment decisions, the protection of minority shareholders, risk management, and transparency in reporting investment performance.

12) Whistleblowing

This policy establishes the framework that facilitates the reporting of concerns related to compliance, ethics, or breaches of the Code of Conduct.

It ensures that reports can be made confidentially, and anonymously if necessary, and provides protection against retaliation for those who report in good faith.

The policy outlines the process for addressing, investigating, and responding to reports in a timely manner.

13) Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing, and Sanctions

Aims to safeguard the Company from financial crimes such as fraud, bribery, corruption, money laundering, and terrorism financing.

It sets up systems to prevent, detect, and mitigate risks, with clear procedures for due diligence, reporting, record-keeping, and compliance with legal requirements.

The policy includes regular audits and employee training to strengthen internal controls.