



CGF10 - POLICY ON CORPORATE DISCLOSURES

SUB POLICY OF THE PMF'S CORPORATE GOVERNANCE FRAMEWORK

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1.0 Introduction

Section 9.2.1 (j) of the Corporate Governance Rule of the Colombo Stock Exchange requires every listed company to establish and maintain a policy on Corporate Disclosures. The purpose of this Policy is to ensure active and transparent communication that is complete, fair, accurate, timely, comprehensible, affordable and equally accessible by shareholders and investors in compliance with the governing regulations.

2.0 Rights and Responsibilities

The Disclosure Policy has been established by the Board of Directors of PMF Finance PLC (PMF). The Board of Directors has the right and the responsibility to disclose information to the public, and to review and approve the disclosure policy. Coordination of the disclosure function is the responsibility of the Company Secretary and the Compliance Officer of PMF.

3.0 Timely and Accurate Disclosures

PMF is committed to making disclosures in a timely and accurate manner. All disclosures, whether financial or non-financial, will be made on or before the specified timelines of the applicable regulations to ensure that shareholders and other stakeholders receive information that is relevant, complete, and free from material misstatements.

4.0 Disclosure requirements of Listing rules issued by Colombo Stock Exchange

4.1 Immediate disclosures

In terms of section 8 of the listing rules following events require immediate disclosure to the Colombo Stock Exchange.

- a. Non-payment of interest on the 'due date' on account of Debt Securities.
- b. Non-payment of capital on the redemption date on account of Debt Securities.
- c. Joint ventures, mergers, acquisitions or take-overs.
- d. A decision to declare dividends
- e. Any decision to change the stated capital of the Listed Company including reduction of stated capital, Rights Issues, issue of shares credited as fully paid up by way of capitalization of reserves, redemptions, repurchases, minority buy-outs by the Company and issue of shares of a class which is not already listed
- f. Change in the Directors, Company Secretary, Registrars or Auditors of the Company.
- g. Any sale/purchase of shares, which amounts to 10% or more of the issued quantity of the respective class of shares of the Company listed on the Exchange, through one transaction or series of transactions.
- h. A change in control of the Company.
- i. Change of address of the registered office of the Company or of any offices at which the register of the Securities of the Company is kept.
- j. A call of Securities for redemption.
- k. An event of default on interest and/or principal payments in respect of loans not paid within thirty (30) days.
- l. Appointment, resignation, suspension or removal of the Chief Executive Officer

- m. Occurrence of any event which would result in the winding up of the Company or any of its subsidiaries or the appointment of a receiver or liquidator of the Company or any of its subsidiaries.
- n. Details of guarantees and sureties granted if the total exceeds 20% of the Listed Company's net worth as per the Balance Sheet Value. Entities shall only report those guarantees and sureties granted beyond the regular course of business.
- o. Alteration or amendment of the rights and privileges of any unlisted Securities issued by the Company.
- p. A tender offer for another Company's Securities.
- q. Any changes in the corporate purpose and any material alterations in the Company's activities or the initiation of new activities.
- r. Any major transaction as defined in Section 185 of the Companies Act. 20. any decision to summon a meeting of the Board by a Director in the event of insolvency in terms of Section 219 of Companies Act.
- s. Any decision to summon an Extraordinary General Meeting by directors in the event of serious loss of capital in terms of Section 220 of the Companies Act.
- t. The acquisition or loss of a contract.
- u. A change in capital investment plans.
- v. A labour dispute or dispute with sub-contractors or suppliers that will have a material impact on the Company
- w. Any investment that will have a material impact on the Company
- x. Judicial or quasi-judicial actions of any nature initiated by or against the Company which are of material importance
- y. Any Licensing or Franchising Agreement or its cancellation which may materially affect the Company's operations.
- z. Any occurrence of an event of default under the terms and conditions of any issue of debentures, promissory notes, bonds or any other Security issued by the Company.
- aa. Any acquisition of voting rights which results in the Company becoming the holding Company.
- bb. Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Company as per the latest Audited Financial Statements, whichever is lower.
- cc. Upon the appointment of a new Director to the Board, the company shall make an immediate Market Announcement setting out the following;
 - i. a brief resume of such Director;
 - ii. his/her capacity of directorship; and
 - iii. Statement by the company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.
- dd. The company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 of the listing rules containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.
- ee. Disclosures of dealings by Directors and Chief Executive Officers (CEOs)**
 - i. The company shall make an announcement to the Exchange pertaining to the Relevant Interest in shares and Other Class of Shares held by its directors and CEO, within a period of two (02) Market Days immediately following the appointment or cessation of office of a director or CEO. In the event such director or CEO has no Relevant

Interest, such Entity shall make an announcement to the Exchange of that fact within the said period. The time period of two (02) Market Days shall be calculated excluding the relevant date the event occurred.

- ii. In the event a director or CEO of the company makes an acquisition, disposal, borrowing or lending of a Relevant Interest in shares or Other Class of Shares issued by the company, shall make an announcement to the Exchange within a period of five (05) Market Days immediately upon such acquisition, disposal, borrowing or lending. The time period of five (05) Market Days shall be calculated excluding the relevant date the event occurred.

4.2 Disclosures to be made in the Annual Report

4.2.1 Disclosures on policies

- a. The list of policies that are in place in conformity with Rule 9.2.1 of the CSE Listing Rules on Corporate Governance, with reference to the company website.
- b. Details pertaining to any changes to policies adopted by the Listed Entities in compliance with the above rule.
- c. Compliance with the requirements of the policy on matters relating to the Board referred to in Rule 9.5.1 of the CSE Listing Rules on Corporate Governance in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.

4.2.2 Disclosures on Fit and Proper Assessment

- a. A statement that the Directors and CEO of the company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.
- b. Any non-compliance/s by a Director and/or the CEO of the company with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the company to rectify such non-compliance/s.

4.2.3 Disclosures relating to Directors

- a. name, qualifications and brief profile;
- b. the nature of his/her expertise in relevant functional areas;
- c. whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Company;
- d. whether Executive, Non-Executive and/or independent Director;
- e. the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Company is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;
- f. number of Board meetings of the Listed Company attended during the year;
- g. names of Board Committees in which the Director serves as Chairperson or a member;

- h. Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,
- i. The terms of reference and powers of the Senior Independent Director (where applicable).

4.2.4 Disclosures relating to Board Sub Committees

4.2.4.1 Disclosures on Nomination and Governance Committee

The Annual Report of the company shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The said report shall include the following;

- a. the names of the Chairperson and members of the Committee and the nature of directorships held by such members);
- b. the date of appointment to the Committee;
- c. whether a documented policy and processes are in place when nominating Directors;
- d. whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years
- e. a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;
- f. Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.
- g. The following information regarding directors who are re-elected or being proposed for re-election during the year:
 - Board Committees served on (as a member or Chairperson),
 - Date of first appointment as a Director,
 - Date of last re-appointment as a Director,
 - Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,
 - Any relationships including close family relationships between the candidate and the directors, the Listed Company or its shareholders holding more than ten per centum (10%) of the shares of the Listed Company.
- h. Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Company as specified in Rule 9.11.5
- i. Processes adopted by the Listed Company to inform the Independent Directors of major issues relating to the Company;
- j. Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement;
- k. Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.
- l. A statement that the Directors of the Listed Company meet the criteria for determining independence.
- m. A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Company's fail to comply with any provisions

of such Rules, a statement explaining the reason for such non-compliance and the proposed remedial action taken for the rectification of such non-compliance.

4.2.4.2 Disclosures on Remuneration Committee

- a. Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);
- b. A statement regarding the remuneration policy; and,
- c. The aggregate remuneration of the Executive and Non-Executive Directors.

4.2.4.3 Disclosures on Audit Committee

The Audit Committee Report shall contain the following disclosures.

- a. the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);
- b. The status of risk management and internal control of the Listed Company and as a Group (where applicable).
- c. A statement that it has received assurance from the CEO and the CFO of the Company's operations and finances.
- d. An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.
- e. whether the Listed Company has a formal Audit Charter
- f. the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;
- g. Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Company;
- h. a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- i. a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.

4.2.4.4 Disclosure on the Related Party Transaction Review Committee

The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:

- a. The names of the Directors comprising the Committee;
- b. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors.

- c. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.
- d. An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Company has not entered into any Related Party Transaction/s a negative statement to that effect.

4.2.4.5 Disclosures on related party transactions

- a. In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Company, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual Report in the tabular format as set out below:

Name of the Related Party	Relationship	Value of the Related Party Transaction(s) entered into during the financial year	Value of Related Party Transaction(s) as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transaction(s)	The rationale for entering into the transaction(s)

- b. In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group company consolidated revenue) as per the latest Audited Financial Statements, the Listed Company must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the following tabular format:

Name of the Related Party	Relationship	Nature of the Transaction(s)	Aggregate value of Related Party Transaction(s) entered into during the financial year	Aggregate value of Related Party Transaction(s) as a % of Gross Revenue/Income	Terms and Conditions of the Related Party Transaction(s)

- c. An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Company has not entered into any Related Party Transaction/s a negative statement to that effect.
- d. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum: i. The date of the transaction; ii. The name of the Related Party; iii. The relationship between the Company and the Related Party; iv. The amount of the transaction and terms of the transaction; v. The rationale for entering into the transaction.

4.2.4.6 Additional Disclosures

The following declarations by the Board of Directors to be included in the Annual Report:

- a. They have declared all material interests in contracts involving in the Company and whether they have refrained from voting on matters in which they were materially interested;
- b. they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;
- c. they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;
- d. disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

4.2.4.7 Other disclosures

- a. Names of persons who during the financial year were directors of the Company.
- b. Principal activities of the Company and its subsidiaries during the year and any changes therein.
- c. The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any Other Class of Shares denominated in Foreign Currency and the percentage of such shares held
- d. The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Company complies with the Minimum Public Holding requirement, in respect of voting ordinary shares.
- e. A statement of each director's holding and Chief Executive Officer's holding in each class of shares of the Company denominated in LKR and in Foreign Currency (as applicable).
- f. Information pertaining to material foreseeable risk factors of the Company
- g. Details of material issues pertaining to employees and industrial relations of the Company
- h. Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties.
- i. Number of shares representing the Company's stated capital.
- j. A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the following categories:

No. of Holders	Holdings	Total Holdings %
	1-1000 shares	
	1,001-10,000 shares	
	10,001-100,000 shares	
	100,001-1,000,000 shares	
	Over 1,000,000 shares	

- k. The following ratios and market price information:

EQUITY

1. Dividend per share
2. Dividend pay out
3. Net asset value per share
4. Market value per share - highest and lowest values recorded during the financial year - value as at the end of financial year

DEBT (only if listed)

1. Interest rate of comparable government security
 2. Debt/equity ratio
 3. Interest cover
 4. Quick asset ratio
 5. Debt Service Coverage Ratio (where applicable)
 6. The market prices & yield during the year (ex interest) - Highest Price - Lowest price - Last traded price (as at dd/mm/yy)
 7. Any changes in credit rating (for the Company or any other instrument issued by the Company), if applicable.
- l. Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value;
- m. If during the financial year the Company has raised funds through an Initial Public Offering and/or a further issue of Securities (as applicable);
- i. the manner in which the funds of such issue/s have been utilized in conformity with the format provided by the Exchange from time to time;
 - ii. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and,
 - iii. any material change in the use of funds raised through an issue of Securities.
- n. In the event the funds raised through the Initial Public Offering and/or the further issue of Securities (as applicable) have been fully utilized by the Listed Company as disclosed in the Prospectus and/or Circular to shareholders between two financial periods, the Company shall disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first.

o. Employee Share Option Schemes (ESOS)

The following information shall be disclosed in the Annual Report of the Listed Company in respect of each ESOS:

- i. The number of options granted to each category of Employees during the financial year.
- ii. Total number of options vested but not exercised by each category of Employees during the financial year
- iii. Total number of options exercised by each category of Employees and the total number of shares arising therefrom during the financial year.

- iv. Options cancelled during the financial year and the reasons for such cancellation. The exercise price.
- v. A Declaration by the directors of the Company confirming that the Company or any of its subsidiaries has not, directly or indirectly, provided funds for the ESOS.

p. Employee share purchase schemes

The following information shall be disclosed in the Annual Report of the Listed Company in respect of each ESPS:

- i. The total number of shares issued under the ESPS during the financial year.
- ii. The number of shares issued to each category of Employees during the financial year.
- iii. The price at which the shares were issued to the Employees.
- iv. A Declaration by the directors of the Company confirming that the Company or any of its subsidiaries has not, directly or indirectly, provided funds for the ESPS.

5.0 Disclosure requirements of Finance Business Act (Corporate Governance) Direction No. 05 of 2021 issued by Central Bank of Sri Lanka

i. Financial Statements	<p>In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include,</p> <ul style="list-style-type: none"> • A statement to the effect that the annual audited financial statements have been prepared in • line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures. • A statement of responsibility of the Board in preparation and presentation of financial statements.
ii. Chairperson, CEO and Board Related Disclosures	<ul style="list-style-type: none"> • Name, qualification and a brief profile. • Whether executive, non-executive and/or independent director. • Details of the director who is serving as the senior director, if any. • The nature of expertise in relevant functional areas. • Relatives and/or any business transaction relationships with other directors of the company. • Names of other companies in which the director/ CEO concerned serves as a director and whether in an executive or non-executive capacity. • Number/percentage of board meetings of the FC attended during the year; and • Names of board committees in which the director serves as the Chairperson or a member.
iii. Appraisal of Board Performance	<p>An overview of how the performance evaluations of the Board and its committees have been conducted</p>
iv. Remuneration	<ul style="list-style-type: none"> • A statement on the remuneration policy, which includes Board fee structure and breakdown of remuneration of senior management level and mix of remuneration (financial and non-financial, the procedure for setting remuneration, and the

	<p>relationships between remuneration, performance and value creation)</p> <ul style="list-style-type: none"> • The aggregate values of remuneration paid by the FC to its directors and senior management.
v. Related Party Transactions	<ul style="list-style-type: none"> • The nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Chairperson and the CEO and the relationships among members of the Board. • Total net accommodation granted in respect of each category of related parties and the net accommodation outstanding in respect of each category of related parties as a percentage of the FC's core capital. • The aggregate values of the transactions of the FC with its senior management during the financial year, set out by broad categories such as accommodation granted, and deposits or investments made in the FC.
vi. Board Appointed Committees	The details of the chairperson and members of the board committees and attendance at such meetings.
vii. Group Structure	The group structure of the FC within which it operates. The group governance framework
viii. Director's Report - A report, which shall contain the following declarations by the Board	<ul style="list-style-type: none"> • The FC has not engaged in any activity, which contravenes laws and regulations. • The directors have declared all related party transactions with the FC and abstained from voting on matters in which they were materially interested. • The FC has made all endeavors to ensure the fair treatment for all stakeholders, in particular the depositors. • The business is a going concern with supporting assumptions; and • The Board has conducted a review of internal controls covering material risks to the FC and have obtained reasonable assurance of their effectiveness.
ix. Statement of Internal Control	<ul style="list-style-type: none"> • A report by the Board on the FC's internal control mechanism that confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. • The external auditor's assurance statement on the effectiveness of the internal control mechanism referred above, in respect of any statement prepared or published. • A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any non-compliances.

	<ul style="list-style-type: none"> • A statement of the regulatory and supervisory concerns on lapses in the FC's risk management, or non-compliance with the Act, and rules and directions.
x. Corporate Governance Report	Shall disclose the manner and extent to which the company has complied with Corporate Governance Direction and the external auditor's assurance statement of the compliance with the Corporate Governance Direction.
xi. Code of Conduct	FC's code of business conduct and ethics for directors, senior management and employees. The Chairperson shall certify that the company has no violations of any of the provisions of this code.
xii. Management Report	<ul style="list-style-type: none"> • Industry structure and developments • Opportunities and threats Risks and concerns • Sustainable finance activities carried out by the company • Prospects for the future
xiii. Communication with Shareholders	The policy and methodology for communication with shareholders. The contact person for such communication.

6.0 Approval and Review

This policy shall be reviewed and updated once in every two years or as necessary to ensure its effectiveness and compliance with relevant laws and regulations. Any changes to the policy should approve by the Board of Directors and communicate to the Executive Secretary.