

Board Related Party Transactions Review Committee Report



Composition of the Committee

The Board-Related Party Transactions Review Committee (the BRPTRC) consists of the following Independent Non-Executive Directors (in conformity with the requirements of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka), whose profiles are given on pages 62 to 67.

Board members

- Justice K Sripavan* (Chairman)
- Mr S Swarnajothi* (Director)
- Mr L D Niyangoda* (Director)
- Mr T L B Hurulle* (Director)

(Appointed w.e.f. March 28, 2019)

Regular attendees by invitation

- Mr S Renganathan
(Managing Director/Chief Executive Officer)
- Mr S C U Manatunge
(Director/Chief Operating Officer)

Secretary to the Committee

Mr L W P Indrajith
(Assistant General Manager – Finance)

*Independent Non-Executive Director

Attendance at Meetings

Name	Eligible to attend/ Attended
Justice K Sripavan	04/04
Mr S Swarnajothi	04/04
Mr L D Niyangoda	04/04
Mr T L B Hurulle	03/02
Mr S Renganathan	04/04
Mr S C U Manatunge	04/04

The Committee was further strengthened by appointing one more Independent Non-Executive Director.

Charter of the Committee

This Committee was formed by the Board at the end of 2014 to assist the Board in reviewing all related party transactions carried out by the Bank and its listed subsidiaries in the Group by early adoption of the Code of Best Practice on Related Party Transactions (RPT) as issued by the SEC of Sri Lanka which became mandatory from January 01, 2016.

The mandate of the Committee includes *inter alia* the following:

- Developing, updating and recommending for adoption by the Board of Directors of the Bank and its listed subsidiaries, a RPT Policy consistent with that proposed by the SEC.
- Updating the Board of Directors on the RPT of each of the listed companies of the Group on a quarterly basis.
- Advising the Board in making immediate market disclosures on applicable RPT as required by the Section 9.3.1 of the Listing Rules of the CSE.
- Advising the Board in making appropriate disclosures on RPT in the Annual Report as required by the Section 9.3.2 of the Listing Rules of the CSE.

Methodology adopted by the Committee

- Reviewing the mechanisms in place to obtain declarations from all Directors (at the time of joining the Board and annually thereafter) informing the Company Secretary, the primary contact point for Directors, of any existing or potential RPT carried out by them or their Close Family Members (CFM) and on obtaining further declarations on a quarterly basis in the event of any change during the year to the position previously disclosed.

- Reviewing the mechanisms in place to obtain confirmations on any new appointments accepted by Directors of the Bank in other entities as KMP informing the Company Secretary to identify and capture such transactions carried out by the Bank with such entities which need to be disclosed under 'Directors Interest in Contracts with the Bank' as disclosed on page 109 of this Annual Report.
- Reviewing the mechanisms in place to capture and feed relevant information on RPT which also includes information on KMP and CFM into the Bank's data collection system and the accuracy of such information.

Activities in 2019

During 2019, the Committee was further strengthened by appointing one more Independent Non-Executive Director. In addition, as a part of Bank's annual review of policies, the RPT Policy was further reviewed and updated. The amended RPT Policy was approved by the Board of Directors in November 2019 and implemented. Arrangements were also made to disseminate the amended RPT Policy among all relevant stakeholders and obtained their acknowledgements that they have read and understood the applicable regulatory requirements relating to identifying, capturing and reporting of RPT.

The Committee held four (4) meetings during the year under review as required by Section 9.2.4 of the Listing Rules of the CSE. The Committee reviewed all RPT carried out during the year at its quarterly meetings and the proceedings of the Committee meetings which also included activities under its Terms of Reference were regularly reported to the Board of Directors with its comments and observations.

Justice K Sripavan
Chairman
Board Related Party Transactions
Review Committee

Colombo
February 20, 2020