

Report of the Nomination and Governance Committee

Composition

The Nomination and Governance Committee of the Board of Directors consists of three Non-Executive Directors. P M B Fernando, an independent Director is the Chairman with C R Jansz and K P Cooray serving as members.

The Chief Executive Officer attends the meeting by invitation, while the Secretary to the Board functions as the Secretary of the Committee.

Mandate

During the year under review, the Committee carried out the tasks as set out in the Terms of Reference approved by the Board. The Terms of Reference approved by the Board encompasses the tasks set out in Section 3 (6) (iv) of Direction No. 11 of 2007 of the Central Bank of Sri Lanka on Corporate Governance in Licensed Commercial Banks.

In terms of the mandate, the role of the Committee is to review governance policies and procedures, evaluate the performance of the Board and identify and evaluate persons with the required skills, knowledge, standing, fitness, and propriety to join the Board of the Bank and to evaluate the suitability of Directors who are seeking re-election. The Committee is also responsible for the task of implementing a procedure for the appointment of the CEO and Key Management Personnel.

Procedure

The Committee meets when required and acts within its mandate approved by the Board of Directors and makes recommendations to the Board for consideration.

Meetings

Nine meetings were held during the year. During the year, the Committee considered and recommended to the Board the appointment of two new Directors. The Committee identified persons to fill key management positions after reviewing many candidates from time to time to ascertain the best fit for the Bank in terms of qualifications, ability, and character, and reviewed succession planning and assessed the fitness and propriety of Directors and Key Management Personnel, in terms of the requirements of the Banking Act. During the year, 20 high performing officers identified for succession were given the opportunity to present themselves to the members of the Board in order to create an opportunity for Directors to be able to interact with these officers and identify their strengths and areas for their development. The Committee which was formed last year to improve the process for succession planning for KMP's comprising a member of the Audit Committee, CEO and Head of HR met and reviewed the progress.

During the year, the Committee adopted a format of a declaration to be obtained annually from Non-Executive Directors confirming their status of independence. In addition to the annual evaluation of the Board carried out by the individual members, this year too, an evaluation of the Board was carried out by the Nomination and Governance Committee members based on a separate check list approved by the Committee and the results were shared with the other members of the Board.

Individual Committee members do not participate in discussions in matters relating to them. The attendance by Directors at meetings is given on page 96 of the Annual Report. The Committee has recommended the re-election of the Directors offering themselves for re-election at the Annual General Meeting.



P M B Fernando

Chairman – Nomination and Governance Committee

18 February 2019