



Policy on Board Subcommittees – Seylan Bank PLC

1. Purpose and Scope

The Subcommittees of the Board of Directors (the “Board”) serve as mechanisms for conducting a more thorough examination of key governance areas and functions for which the Board is accountable. Their primary role is to assist the Board in fulfilling its responsibilities. The Board will clearly outline the terms of reference for each committee, specifying their membership, roles, procedures, functions, and the scope of their authority.

Board Subcommittees (herein after referred to as the ‘Committees’) may occasionally invite non-Board members/key management personnel of the Bank/Heads of Units to join in order to provide additional skills, experience, or networks, as long as this does not conflict with any directives issued by the Board. Committees should consistently align their activities with the objectives of Seylan Bank PLC (“the Bank”) and adhere to the vision and strategy established by the Board.

Accordingly, this policy outlines the responsibilities and governance of the Committees within Bank, ensuring compliance with the Listing Rules of the Colombo Stock Exchange, the Corporate Governance Directions issued by the Central Bank of Sri Lanka, the Banking Act Directions, and the Corporate Governance Framework/Policy of the Bank.

2. Establishment and Structure of Committees

2.1 The Board has established the following statutory/regulatory Committees, including newly merged and recently established Committees with their clearly defined scopes, roles and responsibilities:

- i) Board Audit Committee
- ii) Board Human Resources and Remuneration Committee
- iii) Board Nomination and Governance Committee
- iv) Board Integrated Risk Management Committee
- v) Related Party Transactions Review Committee
- vi) Board Procurement and Capital Expenditure Supervisory Committee (established as per Banking Act Direction No. 01 of 2023 in respect of the financial years 2023/2024)

In addition to the above, the Board has established the following Committees which assist the Board with oversight responsibilities on specific business/technological/operational requirements:

- vii) Board Marketing, Product Development and Sustainability Committee
- viii) Board Information Technology Committee
- ix) Board Strategic Plan Committee
- x) Board Credit Committee

3. Composition and Membership

3.1 Appointment of Members

3.1.1 Members of each committee are appointed by the Board to ensure effective governance, with a focus on including a mix of independent and non-executive directors.

3.1.2 Each regulatory/statutory committee as referred above is chaired by an independent director who is not the chair of the Board and is structured to bring specific expertise relevant to its function, aligning with the Board's oversight and strategic objectives.

3.2 Qualification Criteria

The Board shall ensure that the members appointed to each committee meet the qualification and experience requirements outlined in the Bank's Corporate Governance Policy/Framework and applicable regulations. This includes ensuring that the appointees possess the necessary academic and professional qualifications, and that they meet the fit and proper criteria stipulated by the Banking Act No.30 of 1988 (as amended) and other relevant regulatory bodies.

3.3 Term of Appointment

The term of appointment of committee members shall be determined by the Board unless they ceased to be Directors due to any statutory/regulatory or any other reason.

3.4 Succession Planning

The Board shall have their oversight on the succession planning for key roles within the committees which shall be part of the Board's overall governance strategy.

4. Confidentiality and Conflict of Interest

4.1 Confidentiality

All committee members shall maintain the confidentiality of sensitive information obtained during their tenure. Information discussed in committee meetings shall not be disclosed to unauthorised persons, and members are expected to exercise discretion in handling confidential matters.

4.2 Conflict of Interest

4.2.1 Committee members must disclose any potential conflict of interest that may arise in the course of their duties. Members with a conflict of interest shall abstain from participating in discussions or voting on matters where the conflict exists.

4.2.2 A robust policy shall be in place to manage conflict of interest, ensuring the integrity of the committee's decisions.

5. Roles and Responsibilities

Each committee operates under its respective Terms of Reference ("TORs"), which define its specific roles and responsibilities.

6. Performance Evaluation

The effectiveness of each committee shall be evaluated annually. The evaluation process shall include:

- **Self-Assessment** - Each committee shall undertake a self-assessment of its performance, including the fulfilment of its responsibilities as outlined in its TOR.
- **Board Review following the Self-Assessment of Committees** - The Board shall review the performance of each committee, considering the outcome of the self-assessment and any external feedback.

- **Continuous Improvement** - Based on the above evaluation, the Board may implement changes to improve the effectiveness of the committees, including revising TORs or adjusting membership as required.

7. Frequency of Meetings

Committees shall meet regularly as required by their mandates and TORs.

8. Reporting to the Board

Each subcommittee shall report its findings and recommendations to the Board following each meeting, in accordance with its TORs.

9. Compliance with Terms of Reference (“TORs”)

9.1 All committees shall operate in compliance with their respective TORs.

9.2 The Board shall ensure that each committee's TOR is reviewed and updated periodically to reflect any changes in regulatory requirements or strategic objectives.

10. Independent Professional Advice

The committees are entitled to seek appropriate professional advice, both internally and externally, as necessary. This includes the authority to retain external consultants or advisors at the Bank's expense to assist in fulfilling their duties, subject to Board-approved procedures.

11. Amendments to the Policy

This policy may be amended by the Board as necessary to comply with regulatory changes, consider updates to the TORs, or to improve the governance practices of the Bank.

12. Formation of Additional Committees

The Board reserves the right to establish any additional committees from time to time as may be deemed necessary to address specific operational or business requirements. Such committees shall be formed with clearly defined mandates, membership, and reporting structures, and shall operate in accordance with the overall governance framework of the Bank.

End

01.10.2024