



POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION- SEYLAN BANK PLC **(‘THE BANK’)**

1. THE POLICY

This Policy primarily sets out;

- To ensure that the Bank’s businesses are operated under the Corporate Governance principles with due consideration of the responsibility and accountability to all stakeholders on a transparent and equitable basis and,
- Approach and procedures that the Board of Directors of the Bank adopts for the nomination and selection of directors of the Bank, including the appointment, removal, and re-election of Directors and fulfilling its responsibilities.

2. SCOPE

This Policy applies to directors and key management personnel of the Bank on effective functioning of the Bank’s Corporate Governance Framework.

3. CORPORATE GOVERNANCE FRAMEWORK

The Bank’s Corporate Governance Framework is mainly based on the Rules of the Colombo Stock Exchange and the corporate governance directions issued by the Central Bank of Sri Lanka time to time as applicable.

The Board of Directors proactively adopts governance policies and practices designed to align the objectives of the Bank with those of shareholders and other stakeholders and endeavors to promote standards of ethical behavior and risk management across the organization.

4. PRINCIPLES

The Bank has formulated the framework, for adherence of the Board of Directors, executives, and staff, based on the principles of ethical culture, stewardship, independence, risk management, accountability, transparency, and continuous improvement.

The Bank’s Corporate Governance practices are subject to ongoing review, assessment and improvement.

5. GOVERNANCE STRUCTURE

The fundamental relationship among the Board, management, shareholders and other stakeholders of the Bank is established by the governance structure.

6. THE BOARD OF DIRECTORS

The Board of Directors has a major role in corporate governance, with duties and responsibilities in formulating the Bank’s objectives, direction, policy, target and strategy to ensure its operational efficiency and effectiveness. The Board also oversees, assesses and monitors the Bank’s operation on a regular basis.

Composition

The Board of Directors determines the Board structure by taking into account the Board diversity pursuant to the applicable provisions of the CSE Listing Rules, Regulations/Directions issued by the Central Bank of Sri Lanka and the Bank's Articles of Association.

The Directors shall not be less than seven (07) and not more than thirteen (13) in number. The Board ensures that the Board consists of required number of independent Directors in keeping with the requirements of the CSE Listing Rules and the Corporate Governance requirements as set out in applicable Banking Act Directions.

Appointments of New Directors

The Board Nomination and Governance committee is responsible for identifying, evaluating and recommending personnel for Board positions.

As per the Terms of Reference of the Said Committee, establishing and maintaining a formal and transparent procedure to evaluate, select and appoint /re-appoint Directors of the Bank is a key responsibility of the Committee.

Re-election of Directors

As per the Articles of Association of the Bank, 1/3 of the Directors for the time being shall retire from office. The Directors to retire at each Annual General Meeting shall be those who being subject to retirement by rotation, have been the longest in office since their last appointment or election and shall be eligible for re-election.

Fit and proper assessment of Directors and CEO

The Board Nomination and Governance Committee shall take necessary steps to ensure that Directors and Key Management Personnel are fit and proper persons to hold office as specified in respective regulations. In evaluating the fitness and propriety of the persons the Committee refers to utilize the fit and proper assessment criteria set out in applicable regulations.

Board Meetings and the Quorum:

The Board meets regularly at Board Meetings which are held at least twelve times a year at approximately monthly intervals. Special and/or emergency meetings are also held to take decision on important and urgent matters.

The quorum at Board Meetings is five members or 50% of the number on the Board whichever is higher.

The Board may choose to hold its meetings as physical meetings where members are present in person, or, as virtual meetings where members decide to join the meeting remotely or are present both in person as well as remotely (hybrid meetings).

A resolution in writing signed or assented to by all the Directors entitled to receive notice of a board meeting is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

The Company Secretary maintains the minutes which are open for inspection by any director at any reasonable time on reasonable notice.

Board Evaluation

The Directors conduct an annual evaluation of the performance and effectiveness of the Board's responsibilities. In this process, Directors provide their views on whether the Board is functioning effectively, as well as matters as specific as key strategic, operational and risk issues and the effectiveness of the Directors' awareness and knowledge on the affairs of the Bank. The results of the evaluation are summarized privately by the Company Secretary and reviewed by members of the Board, who consider whether any changes to the Board's processes are appropriate.

Directors carry out a self-evaluation annually and each Director submits his/her self-evaluation report annually to the Board through the Company Secretary.

The Board evaluates the performance and effectiveness of the Committees annually.

Conflict of Interest

Managing and addressing conflicts of interest among board members is essential to maintain transparency and trust within the Board.

A member of the Board Nomination and Governance Committee shall not participate in decisions relating to his/her own appointment.

7. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Bank is an Independent, Non-Executive Director and the positions of the Chairman and that of the CEO shall not be held by the same individual.

The Chairman and the CEO execute their respective roles in coordination with each other and/or with the Board to reach high-level decisions in the best interest of the Bank. The Chairman provides leadership to the Board while, the CEO manages the day-to-day operations of the Bank giving effect to policies approved by the Board.

8. COMMUNICATIONS AND SHAREHOLDER ENGAGEMENT

The Board believes engagement with shareholders and encourages them to express their views. The general meetings of the Bank provide an opportunity to shareholders to provide meaningful feedback. The Bank also complies with the Rules of the Colombo Stock Exchange (CSE) in promptly disseminating corporate announcements to the CSE which are published on the CSE's website. The Board reviews and approves the contents of major disclosure documents, including the Annual Report, and quarterly financial reports, both on the Bank's website and the CSE's website.

9. REVIEW OF THE POLICY

The policy is reviewed by the Bank on a regular basis to ensure its relevance and effectiveness. Updates may be made, when appropriate, to reflect the latest best practices and future amendments in applicable regulations on corporate governance.

10. PUBLICATION OF THIS POLICY

This Policy is made available in corporate website of the Bank for the perusal of its shareholders and other interested stakeholders.

End

01.10.2024