

Compliance reports

Related party transactions review committee report

The Related Party Transactions Review Committee of the Company (Committee) was established by the Board in early 2014 to ensure strict compliance with the rules and regulations governing related party transactions for listed entities.

→ Composition of the committee

The Committee comprised three (3) Non-Executive Directors appointed by the Board of Directors of the Company out of whom one was an Independent Director. With Mr Amirthanayagam being an Independent Director with effect from 13 June 2019, the Committee comprised of two Independent Directors.

Chairman to the Committee, Mr Michael Pradeep Amirthanayagam, and the members of the Committee Mr Johnson Anthony Fernando and Mr Mohamed Anise Mohamed Rizwan were appointed to the Committee with effect from 8 April 2015.

Brief profiles of the members to the Committee are given on pages 27 and 28 of this Annual Report.

→ Committee meetings

The Committee met four (4) times during the year under review, and the proceedings were directly reported to the Board. The Chief Executive Officer/GM attended meetings of the Committee by invitation. The attendance of the members for the meetings held during the period under review is set out below:

Members	Attended
Mr M P Amirthanayagam (Chairman)	4/4
Mr J A Fernando	3/4
Mr M A M Rizwan	3/4

→ Scope of the committee

The Committee mandated by the Terms of Reference (TOR) adopted by the Board of Directors on 25 February 2014, is established for the purpose of reviewing in advance all proposed related party transactions, except for transactions

mentioned under Rule 27 of the Code of Best Practices on Related Party Transactions – December 2013.

Accordingly, except for transactions mentioned above, all other related party transactions are required to be reviewed by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

In furtherance of discharging the duties entrusted with the Committee as set out in its TOR, the Committee adopts policies and procedures to review related party transactions of the Company, and determine whether such related party transactions require the approval of the Board or shareholders of the Company as determined in Rule 13 of the Code, and in such circumstances, the Committee shall take necessary steps to forward same for necessary approvals.

If related party transactions are ongoing, the Committee shall establish guidelines for Senior Management to follow in its ongoing dealings with the relevant related party. Thereafter, the Committee on an annual basis shall review and assess ongoing relationship with the Committee's guidelines. The Committee ensures that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he is a related party, unless such Director is requested to do so by the Committee for the purpose of providing information concerning the Related Party Transaction Review to the Committee.

The Committee is authorised to recommend the creation of a special committee to review and approve the proposed related party transaction, if there is any potential conflict in any related party transaction. The Committee further ensures that immediate market disclosures and disclosures in the Annual Report as required by the Code are made in a timely and detailed manner.

→ Summary of activities

In furtherance of establishing a framework to identify the related parties and

related party transactions and to set up procedures under which related party transactions should be reviewed, the Committee has recommended to the Board, a Related Party Transaction Manual.

A detailed report on the related party transactions is submitted to the Committee for review periodically, and the Committee after duly reviewing such transactions placed before it, has reported same to the Board of Directors and such transactions are disclosed to the stakeholders through the Company's financial statements.

In accordance with the TOR, Self-declarations are obtained from the Directors and KMPs for identifying parties related to them. Information on related parties gathered through such declarations have been included in the in-bank system, which enables the Company to retrieve data on related party transactions throughout the Company's network.

→ Related party transactions during 2018/19

During the period under review, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds enunciated in the Listing Rules of the Colombo Stock Exchange.

Details of other related party transactions entered into by the Company during the year 2018/19 are disclosed under Note 58 on pages 342 to 344 Financial Statements.

→ Declaration

The declaration by the Board of Directors that no related party transaction falling within the ambit of the Listing Rules, was entered into by the Company during 2018/19 is contained in pages 343 and 344 of the Annual Report.



M P Amirthanayagam

Chairman
Related Party Transactions Review Committee

13 June 2019