

## Composition of the Corporate Governance and Legal Affairs Committee as at 31 December 2014

Chairperson	Mrs Kimarli Fernando
Members	Mr Sunil G Wijesinha Ms G D Chandra Ekanayake Mr Anura Siriwardena Mrs Indrani Sugathadasa Mr Rajendra Theagarajah

## Charter of the Corporate Governance and Legal Affairs Committee

The Board of Directors of National Development Bank PLC (the Bank) has adopted the Charter for the Corporate Governance and Legal Affairs Committee which describes the Committee's composition, responsibilities and operations, as well as the manner in which the Committee would be carrying out its role.

The Corporate Governance and Legal Affairs Committee which was formed in the year 2007 is mandated with the task of assisting the Board in ensuring compliance with the Companies Act No. 07 of 2007, the Banking Act Directions on Corporate Governance, the Bank's internal Corporate Governance Code, the Colombo Stock Exchange Listing Rules and all rules, regulations and guidelines issued by regulatory authorities relating to corporate governance for licensed commercial banks. The Committee on a continuous basis reviews the overall corporate governance of the Bank including its Constitution, the CGLA Charter and the Corporate Governance Code and recommends improvements as appropriate.

## Committee's Guiding Principles

The principal purposes of the Committee are to assist the Board of Directors of the Bank in defining the Governance Role, improving Board processes and ensuring effective Governance.

## Committee Meetings

The Committee held three meetings during the year under review.

Name of Board Committee Member	Directorship Status	Membership Status	Number of Meetings Attended
Kimarli Fernando	Non-Executive Independent	C	3/3
Sunil G Wijesinha	Non-Executive Independent	M	3/3
Anura Siriwardena	Non-Executive Independent	M	3/3
G D Chandra Ekanayake	Non-Executive Non-Independent	M	3/3
Indrani Sugathadasa	Non-Executive Independent	I	1/3
Rajendra Theagarajah	Executive Director	M	3/3

*C - Chairman M - Member I - On invitation*

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

## Methodology used by the Committee

The Committee meets on a regularly scheduled basis at least twice a year, or more frequently as circumstances dictate in order to ensure effective governance.

## Summary of Activities

The Committee has carried out the following key activities in the year 2014:

Whilst endeavouring to ensure a solid corporate governance culture within the Bank, the Committee made significant improvements in several areas connected to corporate governance. During the year, the Committee reviewed the format of the Annual Declaration form to be submitted by the Directors and also made several recommendations to improve the Board processes as well as the processes followed by the Board Sub-Committees at sub-committee meetings. The procedure for selection and appointment of Directors to the subsidiary companies were also reviewed by the Committee. In addition, the Committee reviewed the Communications Policy of the Bank and the Related Party Policy. The Committee also gave suggestions on the procedure to be followed for the exercising of the ELCP options by employees. The Committee recommended improvements to the monitoring of the related party transactions effected by all Directors and Key Management Personnel. The Corporate Governance and Legal Affairs Committee Charter was reviewed and necessary amendments were suggested to the Board.



**Kimarli Fernando**

Chairperson

Corporate Governance and Legal Affairs Committee

13 February 2015