

Board Nomination Committee Report



‘Board composition is key to sound corporate governance and careful attention is given to selection of candidates, ensuring diversity of the Board’



Terms of Reference of the Committee

The Terms of Reference clearly states the purpose of establishing the Committee, its composition, authority and conduct and scheduling of meetings. The BNC was established by the Board in compliance with sub-direction 3 (6) (iv) of Banking Act Direction No. 11 of 2007 (subsequently amended) on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Monetary Board of the Central Bank of Sri Lanka under Section 46 (1) of the Banking Act No. 30 of 1988, as amended, to ensure Board’s oversight and control over ‘Selection of Directors, Chief Executive Officer and Key Management Personnel’. It also states that matters relating to Key Management Personnel (KMP) may be dealt with the Human Resources Subcommittee.

Authority of the Committee

- The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter.
- If a need arises, professionals from outside may be invited for advice on specific issues.
- Bank staff may be present at Committee meetings for advice or special assignments, by invitation.

Charter of the Committee

The mandate of the Committee includes *inter alia* the following:

- To implement a procedure to select/ appoint new Directors, Chief Executive Officer and KMP.
- To consider and recommend (or not recommend) the re-election of current Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board’s responsibilities.
- To set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of Chief Executive Officer and key management positions.
- To ensure that Directors, Chief Executive Officer and KMP are fit and proper persons to hold office as per the criteria set out in the Direction issued by the Central Bank of Sri Lanka and relevant statutes.
- To consider and recommend from time to time, the requirements of additional/new expertise and the succession arrangements for retiring Directors and KMP.
- To make recommendations on any other matter/s referred to the Committee by the Board of Directors.



Composition

Board Nomination Committee (the BNC) consists of following members whose profiles are given on pages 11 to 13:

Mr. K.G.D.D. Dheerasinghe* (*Chairman*)

Mr. M.P. Jayawardena* (*Director*)

Mr. S. Swarnajothi* (*Director*)

Mr. G.S. Jadeja (*Director*)

(*Appointed w.e.f. September 30, 2016*)

**Independent Non-Executive Directors*

The Committee shall be chaired by an Independent Director who has adequate experience in the relevant subject and be constituted with a majority of Independent Directors from the Board to ensure that the responsibilities of the Committee are discharged effectively.

Regular Attendees by Invitation:

Mr. J. Durairatnam
(*Managing Director/CEO*)

Secretary: Mrs. Ranjani Gamage,
(*Company Secretary*)

Meetings

Name	Eligible to attend	Attended
Mr. K.G.D.D. Dheerasinghe	3	3
Mr. M.P. Jayawardena	3	3
Mr. S. Swarnajothi	3	3
Mr. G.S. Jadeja	N/A	N/A
Mr. H.J. Wilson	2	2
Mr. J. Durairatnam	3	3

There shall be a quorum of two-thirds of the members of the Committee to hold a meeting. The Committee shall meet as and when need arises. Three (03) Committee meetings were held during the year under review. Proceedings of the Committee meetings are regularly reported to the Board of Directors.

Activities in 2016

During the year the Committee selected and recommended to the Board three candidates considering their skills and diverse experience to fill casual vacancies on the Board including recommendation of a lady Director after considering the recommendations made by the Board last year.

The Committee also recommended the re-election of Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board's responsibilities.

The Committee continued to work closely with the Board of Directors on matters assigned to the Committee and reported back to the Board of Directors with its recommendations.



K.G.D.D. Dheerasinghe

Chairman – Board Nomination Committee

Colombo
February 22, 2017