

Board Nomination Committee Report



Composition of the Committee

The Board Nomination Committee (the BNC) consists of the following members whose profiles are given on pages 14 to 19.

Board members	Mr K G D D Dheerasinghe* (<i>Chairman</i>)
	Mr M P Jayawardena* (<i>Director</i>)
	Mr S Swarnajothi* (<i>Director</i>)
	Mr G S Jadeja (<i>Director</i>)
Regular attendees by invitation	Mr J Durairatnam (<i>Managing Director/Chief Executive Officer</i>) <i>Retired w.e.f. July 26, 2018</i>
	Mr S Renganathan (<i>Managing Director/Chief Executive Officer</i>) <i>Appointed w.e.f. July 30, 2018</i>
	Secretary to the Committee Mrs Ranjani Gamage (<i>Company Secretary</i>)

*Independent Non-Executive Director

Attendance at Meetings

Name	Eligible to attend/ Attended
Mr K G D D Dheerasinghe	01/01
Mr M P Jayawardena	01/01
Mr S Swarnajothi	01/01
Mr G S Jadeja	01/01
Mr J Durairatnam	01/01
Mr S Renganathan	00/00

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.

To hold a meeting there shall be a quorum of three members of the Committee who are Non-Executive Directors of whom at least one should be independent. The Committee shall meet as the need arises. One (01) Committee meeting was held during the year under review. The proceedings of the Committee meetings are regularly reported to the Board of Directors.

Convened a special Board meeting to select and appoint the Managing Director/Chief Executive Officer and Executive Director/Chief Operating Officer for transparency and good governance.

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 Board Nomination Committee was established by the Board in compliance with the Section 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 CBSL 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 KMP". It also states that matters relating to KMP may be dealt with by the BHRRC.

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.
- The members of the Committee have the authority to express their independent views when making decisions.
- The Committee regularly reviews the structure, size, composition including gender representation and competencies of the Board and makes recommendations to the Board with regard to any changes.
- The Committee recommends to the Board on insurance covers to be taken in respect of all Directors and KMP including indemnity insurance covers.
- 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, on invitation.

Charter of the Committee

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

- To implement a procedure to select/appoint new Directors including Chairman, 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, competencies, experience, independence, conflict of interest and key other 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 Companies Act No. 07 of 2007, Direction issued by the CBSL and other 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.

Activities in 2018

During the year the Committee unanimously decided and convened a special Board meeting to select and appoint the Managing Director/Chief Executive Officer and an Executive Director/Chief Operating Officer of the Bank for transparency and good governance instead of a Nomination Committee meeting.

The Committee 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, 2019