

# Guidelines on Shortlisting Candidates to the Board of Maldives Pension Administration Office

13 April 2022

## 1. Introduction

- 1.1. These guidelines aim to assist the Selection Committee in undertaking the responsibilities mandated under Clause 8 (c) of the Maldives Pension Act (no: 8/2009) in the process of shortlisting and nominating candidates for the Board of Pension Office.
- 1.2. These guidelines outline prudent practices in relation to the assessment of fitness and propriety criteria of the persons applying for the Board of Pension Office.

## 2. Legal Mandate of the Selection Committee

- 2.1 As per Clause 8 (c) of the Maldives Pension Act, the Chairman of the Board of Pension Office and four (4) members appointed from the private sector shall be appointed from a list of candidates nominated by the Selection Committee.
- 2.2 The Selection Committee shall propose no less than (three) 3 candidates for the vacant posts stated in Section 2.1 of this guideline.

## 3. Board Diversity

The Board should collectively have the necessary skills and knowledge to oversee all the functions performed by the pension fund, and to monitor any external parties to whom such functions have been delegated.

The board should be diverse and well-balanced as far as possible and consider such factors as experience and skill set of applicants.

The Selection Committee could consider the following factors regarding the composition of the Board & in the selection process.

- 3.1. Each member of the Board should contribute to a balanced set of skills that enables the board, acting as a collective body, to successfully execute its obligations.
- 3.2. For this purpose, the Selection Committee may establish a template of the skills set needed and identify any gaps.
- 3.3. The qualifications and experience required of the Board members will depend on their responsibilities and relevant sectoral representation.
- 3.4. It is advisable for at least some members to possess appropriate professional qualifications and experience to assist in some key decisions such as the design of the investment strategy.
- 3.5. In general, it is desirable that all members of the Board have sufficient knowledge and experience to be able to understand and make decisions regarding the operations of the pension fund.
- 3.6. The Selection Committee/ Pension Office should regularly review the Board's collective skill set and consider whether it is adequate.

## 4. Fit & Proper Assessment

The candidates nominated for the Board of Pension Office should be subject to minimum fit and proper standards in order to ensure a high level of integrity, competence, experience and professionalism in the governance of the pension fund.

#### 4.1. Legal Requirements

The minimum Fit and Proper Criteria required of the members nominated for the Board are specified in Clause 8 (d) of the Maldives Pension Act.

- a. The Members of the Board of the Pension Office must not be those who have been convicted of criminal breach of trust and / or defamed. Members must be capable to execute the functions of the post and must have technical expertise of pension or financial matters or investment.
- b. The Chairperson of the Pension Office and the four (4) members appointed from private sector must have an educational level of First Degree in the area of Business or Economics or Law and have experience in matters concerning finance or pension or investment.
- c. Must not have been declared bankrupt, or been convicted of theft, fraud, larceny, criminal breach of trust or corruption.
- d. Must not be an official or an employee of the Asset Manager or Custodian of the Pension Office. And must not be a beneficial owner of five percent or more of an equity interest in such Asset Manager or Custodian, as stipulated in the Maldives Financial Securities Act.

#### 4.2. Additional Criteria to determine Fit & Properness.

In assessing fitness and propriety of the applicants, the Selection Committee may take into consideration the following.

- a. the applicant's character, competence, and experience relative to the duties involved, including whether the applicant:
  - i. Possesses the necessary skills, knowledge, expertise, diligence, and soundness of judgement to undertake and fulfil the particular duties and responsibilities of the Board.
  - ii. Has demonstrated the appropriate competence and integrity in fulfilling professional responsibilities previously and/or in the conduct of his or her current duties; and
- b. Whether the applicant:
  - i. has demonstrated a lack of willingness to comply with legal obligations, regulatory requirements or professional standards or been obstructive, misleading, or untruthful in dealing with regulatory bodies or a court.
  - ii. has breached a fiduciary obligation.
  - iii. has perpetrated or participated in negligent, deceitful, or otherwise discreditable business or professional practices
  - iv. has been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters relating to the person's honesty, integrity, or business conduct.
  - v. has seriously or persistently failed to manage personal debts or financial affairs satisfactorily in circumstances where such failure caused loss to others.
  - vi. has substantial involvement in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.
  - vii. is of bad repute in any business or financial community or any market; or
  - viii. was the subject of civil or criminal proceedings or enforcement action, in relation to the management of an entity, or commercial or professional activities, which were determined adversely to the person (including by the person consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper



- conduct) and which reflected adversely on the person's competence, diligence, judgement, honesty and/or integrity.
- c. The Selection Committee could determine additional criteria for the levels of experience and knowledge required by the applicants. This may include, but not limited to:
- i. Working knowledge of the relevant laws and regulations and its application.
  - ii. Basic investment knowledge.
  - iii. Working knowledge of accounting, auditing & operating processes.
  - iv. Knowledge of pension fund management, asset management, banking, or insurance.
- d. The following additional fit & proper criteria could be considered in the assessment of the applicants for the position of Chairperson.
- i. Candidates who can demonstrate skills or attributes in areas such as the following.
    - Strategic leadership
    - Communication
    - Organization, teaching & training (sourcing if not delivering)
    - Debating, challenging, and negotiating
    - Ability to gather and understand diverse views and to build a consensus
    - Managing conflicts
- e. When documenting the competencies required for applicants, the Selection Committee could consider documenting any training or induction processes required for each applicant, on appointment to the position and on an ongoing basis.
- f. An applicant may be assessed as unfit for the position because of a lack of competence for that position or because of a conflict of interest that applies to the duties of that position.

## 5. Conflict of Interest

The Selection Committee shall pay close attention to avoid any potential conflicts of interest during the nomination process of candidates for the Board of Pension Office. Candidates nominated for the Board are required to meet the following legal criteria.

### 5.1 Legal Requirements

- a. Clause 8 (c) of the Maldives Pension Act states that no candidate nominated by the Selection Committee shall be:
  - A family member (spouse, parent, child, brother, sister, half-brother, or half-sister) of any member of the Selection Committee; or
  - A member of the Board of the Pension Office, or
  - A person holding a ministerial post or higher rank.
- b. Clause 8 (d)(3) of the Maldives Pension Act states:
  - The Members of the Board of the Pension Office Must not be an official or an employee of the Asset Manager or Custodian of the Pension Office.



- Must not be a beneficial owner of 5% (five percent) or more of an equity interest in such Asset Manager or Custodian, as stipulated in the Maldives Financial Securities Act (2/2006).

## 5.2 Managing potential conflict of interests

### a. Identifying potential conflicts:

- i. Candidates who are proposed to be appointed to the Board of Pension Office, must provide the Selection Committee with information that they reasonably require to be satisfied that proposed members do not have a conflict of interest.
- ii. Selection Committee should ensure that pension board members are appointed under procedures that require them to disclose any interests, including other responsibilities, which could become conflicts of interest, and which may adversely affect their suitability for the role, before they are appointed.
- iii. All terms of engagement, for example appointment letters, should include a clause requiring disclosure of all interests, including any other responsibilities, which have the potential to become conflicts of interest, as soon as they arise. All interests disclosed by candidates must be recorded. Records of all conflicts of interest reported must be maintained.

### b. Monitoring potential conflicts:

- i. As part of their risk assessment process, the Pension Office shall identify, evaluate, and manage dual interests which have the potential to become conflicts of interest and pose a risk to the scheme and to the members, if those conflicts are not mitigated.
- ii. A register of interests should provide a simple and effective means of recording and monitoring dual interests and responsibilities.

### c. Managing potential conflicts:

- i. The Pension Office and the Selection Committee could establish and operate procedures which ensure that potentially conflicted members do not compromise the Board.
- ii. The Selection Committee shall be open and transparent about the way potential conflicts of interest of applicants are addressed in determining the eligibility.

## 6. Standard Operating Procedures of the Selection Committee

6.1 The Selection Committee / Pension Office shall establish Standard Operating Procedures for the process by which candidates are nominated and shortlisted for the vacant Board positions. This shall, at a minimum, include the following.

- a. the factors that will be considered when assessing the eligibility and suitability of the candidates (assessment criteria)
- b. details of weightage allocation for each criterion
- c. Interview process
- d. Shortlisting process
- e. Scoring system
- f. Assessment of conflict of interest

6.2 Establish the method, frequency, and approval of the review process of SOP.