

Report of the Human Resources and Remuneration Committee

The Composition

The Human Resources and Remuneration Committee appointed by the Board of Directors, presently consists of three Non-Executive Directors. C R Jansz is the Chairman of the Committee. K P Cooray and Ms S R Thambiayah, are the other members. Ms V J Senaratne also functioned as a member of the Committee until April 2017.

The Chief Executive Officer attended meetings by invitation and participated in its deliberations except when his own evaluation and remuneration was under discussion. He also serves as the Secretary. The Group Vice President Human Resources assisted the Committee, by providing relevant information. The Committee, obtains input from external specialists as and when required.

The Mandate

Terms of Reference of the Committee adopted by the Board encompasses the tasks specified in Section 3 (6) (iii) of Direction No. 11 of 2007 of the Central Bank of Sri Lanka on Corporate Governance for Licensed Commercial Banks.

The Committee, in determining the Remuneration Policy relating to Directors, Chief Executive Officer and Key Management Personnel of DFCC Bank in terms of Directions, ensures appropriate compensation levels in order to attract, retain and motivate talented staff with the core capabilities matched to its strategy, and also to ensure that the Bank consistently delivers value to all stakeholders and to make the Organisation more competitive. To achieve this, the Committee uses a mixture of fixed and variable pay to reward employees. During the year under review, the Committee oversaw a review of the remuneration structure based on a comprehensive remuneration survey carried out by a firm of external consultants among comparable institutions.

The Procedure

Apart from the general review of remuneration, in keeping with the policy of pay for performance, the Committee reviewed the performance of the Bank against the historical performance, key performance indicators agreed at the beginning of the year as well as against a peer group when determining and recommending to the Board the annual salary increment pool and the performance based variable pay pool for DFCC Bank. The Committee also appraised the performance of the Chief Executive Officer based on the pre-agreed targets and desired skills and reviewed his remuneration.

In addition, the Committee considers and recommends to the Board of Directors from time to time, the requirements of additional/new expertise/skills and also salary revisions. The Committee periodically assesses the succession plan for key management positions and took appropriate steps to induct external skills to strengthen the Management of the Bank where it was deemed necessary.

Meetings

The Committee held eight meetings during the financial year to carry out its task. The attendance by members is given on page 113 of this Annual Report.



C R Jansz

Chairman – Human Resources and Remuneration Committee

19 February 2018