

Human Resources and Remuneration Committee Report

Chairman's Statement

Role of the Committee

The main responsibilities of the Committee, which are mainly based on the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Central Bank of Sri Lanka are as follows:

- Determining the remuneration policy (salaries, allowances and other financial payments) relating to Key Management Personnel (KMPs) of the Bank.
- Setting goals and targets for the General Manager (GM) and KMPs.
- Evaluating the performance of the GM and KMPs against the set targets and goals periodically and determining the basis for revising remuneration, benefits and other payments of performance-based incentives.
- Reviewing staff matters referred to it by the Board.
- Determining the Human Resource Policy and Organisational Structure of the Bank.

Composition and Quorum

The members of the Committee, during the year under review, were as follows:

- **Mr H P Ajith Gunawardana**
Chairman, Independent
Non-Executive Director
- **Mr Ronald C Perera PC**
Member, Independent
Non-Executive Director
- **Mr Sajith R Attygalle**
Member, Non-Executive
Ex Officio Director
- **Mr Charitha N Wijewardane**
Member, Independent
Non-Executive Director
(from 5 November 2015 to 21 July 2017)

The quorum of the Committee is two members. The GM is present at all meetings except when matters relating to the GM are discussed. The Deputy General Manager (Human Resources) and other members of the staff are invited to attend the meetings when the Committee requires their presence. The Secretary, Bank of Ceylon/Secretary to the Board functions as Secretary to the Committee.

Meetings and Activities

The Committee has met thrice during the year under review. The attendance of members at meetings is given on page 69. All minutes of the Committee meetings are tabled and ratified at meetings of the Board and approval of the Board thus is obtained for implementation of the recommendations made by the Committee. Follow-up action is taken on outstanding matters.

According to the aforesaid Banking Act Direction No. 11 of 2007, this Committee has to determine the Remuneration Policy relating to Directors. However, in the case of Bank of Ceylon, the remuneration of Directors is determined in accordance with the circulars and instructions issued by the Government of Sri Lanka, the sole shareholder of the Bank. The provisions in the Bank of Ceylon Ordinance No. 53 of 1938 and its amendments, the Act of Parliament that established Bank of Ceylon are also taken into consideration in this regard. The Bank has a Remuneration Policy in place, prepared, based on the above, which is reviewed as and when new regulations are issued by the Government. This policy was revised/reviewed within the year under review. The details of the remuneration given to Directors, are disclosed in the Annual Report on a yearly basis.

The goals and targets for GM and Deputy General Managers (DGMs) are embodied in the rolling Corporate Plan and Action Plan. The GM is responsible for the implementation of the Corporate Plan through the DGMs. Based on the Action Plan prepared according to the Corporate Plan, the Assistant General Managers are given targets by the respective DGMs.

The remuneration of employees is revised once in three years, with the approval of the Ministry, whose purview the Bank comes under as per the provisions of the Bank of Ceylon Ordinance. The next salary revision is due in year 2018 covering the three-year period 2018 to 2020.

Major activities of the Committee for the year 2017 were as follows:

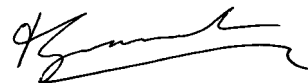
- Reviewed and recommended the Remuneration Policy of the Chairman and Directors of Bank of Ceylon.

- Recommended the Promotion Policy and Schemes for the promotion of Multi Duty Assistants to the grade of Chief Manager.
- Reviewed the training needs of the Bank and made the necessary recommendations.
- The Committee evaluated the performance of the DGMs. Performance of the Assistant General Managers are evaluated through the evaluation carried out on them by their superiors, viz DGMs.
- Revised/revisited the Human Resource and Remuneration Committee Charter.
- Revisited the Exit Interview Policy of the Bank.
- Revised the Human Resource Policy of the Bank.
- Revised the dealing allowance for dealers attached to the Treasury Division.
- Followed up on the decisions pending implementation.
- The Committee evaluated its performance for the year 2017 as per the Committee's Charter and is satisfied that it has fulfilled its obligations as required.

Conclusion

The Committee shall continue to assist the Board of Directors in matters coming under its purview. It shall focus especially in exercising due care and diligence and application of skills in the formulation of policies and their amendments and in general decision-making with regard to human capital and remuneration matters.

On behalf of the Human Resource and Remuneration Committee,



H P Ajith Gunawardana
Chairman

Human Resources and
Remuneration Committee

27 March 2018
Colombo