

Report of the Board Human Resources and Remuneration Committee

Board Human Resources and Remuneration Committee (BHRRC) of SDB bank was established under the Terms of Reference approved by the Board of Directors of the Bank. Its primary responsibility is to establish the conceptual framework on establishing Remuneration Policy and other key policies related to Human Resource Management and Development.

Composition of BHRRC

The Board Human Resources and Remuneration Committee consists of three (03) Non-Executive Directors appended below:

- Mr Chaaminda Kumarasiri – Chairman (BHRRC), Independent, Non-Executive Director
- Ms Samadanie Kiriwadeniya – Chairperson, Non-Independent, Non-Executive Director
- Mr Lakshman Abeysekera – Senior Director, Independent, Non-Executive Director

Company Secretary of the Bank serves as the Secretary to the Committee based on the approved Terms of Reference for the Committee. Attendance of the Committee meetings is mandatory for the Chief Executive Officer and the Head of Human Resources, except when matters relating to those two positions are discussed.

Committee meetings of BHRRC

The Committee held eighteen (18) Board Human Resources and Remuneration Committee meetings during the year under review to endorse proposals related to a wide array of aspects relating to the Human Resources function of the Bank. The Committee has been able to continuously direct the HRM function of the Bank to align with its strategic direction while complying with the regulatory and statutory framework of the Bank.

Scope and responsibilities

The Board Human Resources and Remuneration Committee is vested in assisting the Board to discharge its responsibilities in the following areas:

- Guide the implementation of Human Resource Management and Human Resource Development functions of the Bank
- Provide guidance to ensure that HR policies and strategies are aligned with the strategic direction of the Bank
- Provide the necessary direction for fostering performance culture within the Bank
- Ensure conformity of Bank's HR policies and practices with labour laws, Central Bank regulations and other applicable standards

Key HR initiatives during the year

During the year, the Committee, comprehensively reviewed the performance of the Key Management Personnel's (KMP) of the Bank for the year 2018 against the set goals and targets. They also set goals and targets for KMPs for 2019 in line with the strategic vision and direction of the Bank in 2019.

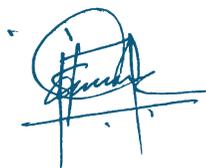
The Committee acknowledges that in addition to effective strategic planning and talent management, cultivating a work environment that supports and sustains a culture of superior performance that drives success both current and in the future is essential and thus approved a performance-linked bonus plan for all staff according to the overall achievement of Bank level profit target, a rewarding incentive scheme for sales personnel and a performance-based variable pay plan for support staff.

The Committee approved a comprehensive framework for the Human Resource Management and Development process. Upon the recommendation of the Corporate Management, Company Secretary was promoted to the DGM grade and six Chief Managers overseeing the divisions; IT, systems and operations, credit assessment, treasury, legal and internal audit also were promoted to the grade of Assistant General Managers and their remunerations were approved by the BHRRC.

The Committee also endorsed the Management's initiative to partner with "Great Place to Work", a global HR consultancy firm for an employee engagement survey and to form a long-term engagement strategy for SDB bank.

The Committee also approved few new recruitments to some of the key positions such as Head of Human Resources, Head of Finance and Regional Manager Western 1.

For and on behalf of the Board Human Resources and Remuneration Committee,



Chaaminda Kumarasiri

Chairman

Board Human Resources and Remuneration Committee

26 February 2020
Colombo, Sri Lanka