

# Remuneration and nomination committee report

Compliance reports

The Remuneration Committee of the Company was established on 22 August 2011 and was renamed and duly reconstituted as the Remuneration and Nomination Committee on 6 August 2013.

## → —Composition of the committee —

The Remuneration and Nomination Committee is appointed by the Board of Directors of the Company. It is comprised three (3) Non-Executive Directors, out of whom none were Independent Directors. With Mr Amirthanayagam being an Independent Director with effect from 13 June 2019, the Committee comprised of one Independent Director.

The members of the Committee, Mr Jehan Prasanna Amaratunga (Chairman to the Committee) and Mr Michael Pradeep Amirthanayagam and Mr Johnson Anthony Fernando were appointed to the Committee with effect from 8 April 2015.

Brief profiles of the members to the Committee are given on pages 27 and 28 of this Annual Report.

## → —Committee meetings —

The Committee held six meetings during the year under review, and the Committee reported directly to the Board. The Chief Executive Officer/GM attended meetings of the Committee by invitation, other than in the instances where matters relating to him have been discussed and the members of the Senior Management were invited to participate in the meetings of the Committee as and when required.

The attendance of the members for the meetings held during the period under review is set out below:

Members	Attendance
Mr J P Amaratunga (Chairman)	5/6
Mr M P Amirthanayagam	6/6
Mr J A Fernando	5/6

## → —Scope of the committee —

The Committee advises the Board on selection of members to the Board and assists the Board in ensuring that remuneration arrangements in the Company align reward with performance.

By virtue of the powers vested with the Committee in terms of the Board-approved Terms of Reference (TOR), the Committee reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any change that needs to be introduced to the Board. The members of the Committee are precluded from participating in decisions relating to their own appointments, under the TOR of the Committee.

## → —Activities of the committee —

The Committee acknowledges that the reward strategies and the remuneration structure of the Company should be designed in a manner that attract, motivate and retain high calibre people. As such the Committee has recommended to increase the limit of Staff Supporting Loan Scheme and has revised the existing Vehicle Loans scheme during the period under review. In addition to above, the Committee has revised the variable benefits offered to employees to facilitate business enhancement.

During the period under review, the Committee has reviewed and recommended the appointment of two Independent Directors to the Board, Professor Kennedy Degaulle Gunewardena and Mr N W A M U K K Edward Weerasinge, who with the approval of the Board of Directors and with the approval of the Central Bank of Sri Lanka, were appointed as Non-Executive Independent Directors of the Company.

The Committee identifying the need to maintain a balance between the staff motivation and prevention of undue strain on the performance of the Company, has introduced a formal salary revision methodology for the employees based on their level of meeting expectations.

Recognising the requirement to implement an effective Succession Plan for the Key Management Positions of the Company for uninterrupted business development, the Committee has identified possible successors for the positions of KMPs of the Company. The Succession Plan would be reviewed annually by the Committee taking into consideration the business strategy adopted by the Company and the competitive business environment.

The current Retirement Policy of the Company was reviewed by the Committee during the period under review. While recommending to continue the current Retirement Policy of the Company, the Committee has established an age limit for those who were employed under consultancy basis.

Recognising the key feature of our remuneration policy, to pay for performance, and taking into consideration the overall performance of the Company, the Committee has recommended the bonus payment to employees, subject to the established Policy Guidelines on the payment of bonus for employees based on their individual performance evaluations.

## → —Remuneration and other benefits of Directors —

The remuneration of the Non-Executive Directors is decided by the Board. The Non-Executive Directors receive a fixed fee for attending meetings of the Board and its committees. Fees paid to the Non-Executive Directors are neither performance related nor pensionable. There are no contractual arrangements for compensation for loss of office for any of the Directors.

Details of the fees paid to the Directors are given on page 340 of this Annual Report.



**Jehan P Amaratunga**  
Chairman  
Remuneration and Nomination Committee  
13 June 2019