



# **Policy on Remuneration**

## **2024**

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# Policy on Remuneration

## 1. Introduction

The policy was formulated considering the following factors.

1. Provisions of HDFC Act
2. Standard practices in the Banking sector (Salary, remuneration and benefits)
3. Personal liabilities vested on the key management personnel, upon the directions of the regulatory and the legislation.
4. Governance structure with the controlling interest with the government
5. Collective agreements signed with CBEU for staff members of Chief Manager Grade and below.

## 2. Objective

The key objective of the policy is to streamline the rewarding and remuneration of the officers/staff from GM/CEO to Multi Duty Assistant grades since their payments are made at present as per the Board approved scales/ collective agreements.

Accordingly, this policy aims at the following;

1. To incorporate the current benefits that are enjoyed by the Officers/staff to a policy framework.
2. Providing an acceptable reward for staff which is a general norm of the financial sector.
3. To encourage the staff to acquire skills and competencies to undertake enhanced responsibilities, in line with the Bank's succession plan and promotion policy.
4. To avoid any salary anomalies, when the Bank revises the salaries of staff considered under the collective agreement.
5. To inculcate a KPI based performance driven rewards culture.
6. As a Colombo Stock Exchange (CSE) requirement

## 3. Policy Applicability

This policy shall be applicable for the following employee categories in the permanent cadre.

1. From Asst. General Manager and above Grades (**not covered by the collective agreement**).
2. From Multi Duty Assistant to Chief Manager Grades (**covered from collective agreement**)

## **4. Remuneration Policy for AGM & Above Grades**

### **4.1 Salary**

#### **4.1.1 Salary Structure**

Similar to the salary structures applicable to the rest of the HDFC confirmed staff, the salaries of AGM and above officers shall be scale based.

EPF, ETF shall be computed at the same rates as to the rest of the HDFC confirmed staff. This standard practice prevailing in state sector banks with similar objectives is within the provisions of HDFC Act. (Sec 15)

Salaries & allowances mentioned in this policy will depend on the revisions and amendments made from time to time and the circulars/policies issued from time to time by the Bank.

#### **4.1.2 Increments**

Annual increments will be granted to the AGM & above grades for a specific year considering the annual performance of the function under his/her control and based on the achievement of KPIs of the officer concerned for the overall performance of the bank.

The Key Performance Indicators [KPIs] shall be discussed by the corporate management and finally approved by the HR Board Sub Committee.

#### **4.1.3 Salary revisions**

When the salary revisions are done for the rest of the HDFC staff with the renewal of Collective Agreement, salaries (scales) of AGM and above officers shall also be revised simultaneously.

### **4.2 General rewarding schemes**

- 4.2.1 The common benefits shall be paid similarly to the AGM and above grades, as applicable to all permanent staff of the bank, to have a consistency, equality and to prevent anomalies.

## **5. Remuneration Policy Below Chief Manager – Grade**

Salaries & Non-salary benefits below Chief Manager Grade will depend on the revisions and amendments made by the collective agreements and the circulars/policies issued from time to time by the Bank.

Monthly allowance based on the achievement of key performance indicators (KPIs) will be paid for the employees covered by the collective agreement.

## **6. Authority for Amendments and Renewal**

The Board has the authority to change or amend any of such clauses empowered by the HDFC Act No.7 of 1997 and subsequent amendments while adhering to the statutory requirements and CBSL regulations.

Policy will be reviewed once in every two years and/or whenever required.

Next Review Year : 2026