

## REMUNERATION POLICY FOR BOARD OF DIRECTORS

### 1. Introduction

This Board Remuneration Policy sets out the framework and guiding principles for People's Leasing & Finance PLC (PLC) in payment of Remuneration for Board Member related sittings.

### 2. Exemption of applying the Department of Public Enterprises, Ministry of Finance “Operational Manual for State Owned Enterprises (SOEs)” issued along with the PDE Circular No. 01 /2021 dated 16<sup>th</sup> November 2021

In terms of the letter dated 17<sup>th</sup> July, 2023, received from the Department of Public Enterprises, the provisions of the Operational Manual for State Owned Enterprises (SOEs) issued along with the PDE Circular No. 01 /2021 dated 16<sup>th</sup> November 2021, have been exempted for PLC in light of PLC being a Public Listed Company in the Colombo Stock Exchange.

3. **“Remuneration”** shall make reference to salaries, fees, allowances and other financial payments both in cash and all non cash benefits whatsoever received by the Board Members.
4. The Board HR & Remuneration Committee shall recommend the remuneration payable to the Directors of the Board (Executive/Non Executive/Independent Directors/Managing Director). Remuneration to Non Executive Directors should be based on non-discriminatory pay practices to ensure that their independence is not impaired. The HR & Remuneration Committee shall engage any external reference or expertise in order to ascertain or assess the relevance of the remuneration levels applicable to Directors/Managing Director.

### 5. The remuneration of Directors shall be guided by the following principles:

- Competitiveness:

The remuneration package shall be competitive to attract and retain Directors with the necessary skills and experience and shall be on par with market standards of similar organisations.

- Performance Alignment

Remuneration shall be aligned with the Company's performance, ensuring that Directors are incentivized to contribute to the Company's long-term success.

- Transparency:

The remuneration structure and decision-making process shall be transparent, ensuring stakeholders' confidence in the Company's governance.

- Regulatory Compliance:

Remuneration decisions shall comply with all relevant regulations where applicable, including those set forth by the Central Bank of Sri Lanka, Department of Public Enterprises (Ministry of Finance) and the Colombo Stock Exchange.

### 6. Remuneration Components

The remuneration of Directors shall comprise the following components:

- Sitting Allowance for Board Meetings:

Directors shall receive **One** sitting allowance per month for Board Meetings, irrespective of the number of Board meetings held during the month.

- **Sitting Allowance for Sub-Committee Meetings:**

Directors serving on sub-committees established for regulatory requirements, such as those mandated by the Central Bank of Sri Lanka or the Colombo Stock Exchange or any other regulatory establishment, shall receive a sitting allowance per sub-committee meeting. The maximum sitting allowance payable to a Director for sub-committee meetings shall not exceed a maximum of 03 sub-committee meetings per month.

- **Chairman's Allowance:**

The Chairman of the Board shall receive a monthly allowance and entitled to use one official vehicle, along with a fuel allowance (as agreed) per month.

## **7. Decision-Making Process**

The Board, with the concurrence of the HR & Remuneration Committee, shall decide on the remuneration levels of Directors in the best interest of the Company, while adhering to regulatory requirements and market rates. The Committee shall review and recommend any revisions in allowances to be paid to its Members, subject to the Board's approval.

## **8. Review and Disclosure**

This Board Remuneration Policy shall be reviewed periodically to ensure its continued effectiveness and compliance with regulatory requirements. Any material changes to the policy shall be disclosed to stakeholders in accordance with applicable laws and regulations.

## **9. Conclusion**

This Board Remuneration Policy aims to provide a clear framework for the remuneration of Directors, reflecting the Company's commitment to good governance, transparency, and accountability.