



# **REMUNERATION POLICY**

**In Compliance with CSE Listing Rule 9.2.1 (d)**

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## POLICY VERSION HISTORY

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## **1. OBJECTIVES**

This policy reflects the company objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that,

- The Company is able to attract, develop and retain high-performing and motivated individuals in a competitive market
- Offer a competitive and market-aligned remuneration package with fixed salaries as a significant remuneration component,
- Compliance with labor laws and regulations
- Employees feel encouraged to create sustainable results

The policy focuses on ensuring sound and effective risk management through

- A stringent governance structure for setting goals and communicating these goals to the relevant stakeholders.
- Alignment with the company's business strategy, values and long-term goals

## **2. SCOPE**

The remuneration policy of Singer Finance (Lanka) PLC applies to all employees including Directors (both Executive and Non-Executive), Senior Management and appointed agents at Singer Finance (Lanka) PLC.

## **3. REMUNERATION GOVERNANCE**

The management has adopted the remuneration policy on the recommendation of the Human Resources & Remuneration Committee. Annual performance appraisals and dialogues between individual employees/agents and their managers/supervisors help evaluate past performance and set future goals. Adjustments to fixed remuneration or performance-based pay are made based on these evaluations.

## 4. REMUNERATION PRINCIPLES

- **Fairness and Equity:** Ensuring all in similar roles, responsibilities and experience receive comparable pay, regardless of non-job-related factors, compensation should be fair and equitable.
- **Performance-Based Pay:** Compensation should reflect individual, team, and company performance. All who exceed expectations may receive raises or incentive pay.
- **Market Competitiveness:** Salaries and benefits should be aligned with industry standards that are competitive with similar organizations to attract and retain top talent.
- **Transparency:** To build trust, the process for determining compensation and any changes to pay structures should be clear and communicated to all.
- **Sustainability:** Compensation packages should ensure the organization is financially sustainable in the long term.
- **Internal Consistency:** There should be a clear pay structure that reflects job levels, roles, and responsibilities to ensure consistency within the organization.
- **Legal Compliance:** The organization must adhere to all legal requirements.

## 5. REMUNERATION FRAMEWORK

The remuneration components are:

- 5.1. Fixed remuneration (Basic Salary)
- 5.2. Performance-based remuneration (variable pay)
- 5.3. Allowance and Benefits

### 5.1. Fixed Remuneration

The fixed remuneration is determined based on the role and position of the individual employee, including professional experience, seniority, education, responsibility, job complexity, local market conditions, etc. For appointed agents, remuneration is aligned with the terms of their contracts and their role as intermediaries for the company.

## **5.2. Performance-Based Remuneration**

The performance-based remuneration motivates, rewards and drives the right behavior and performance according to set expectations, reflecting specific requirements for performance at the company, business unit and individual levels. This reward promotes the achievement of our financial, strategic and operative goals in accordance with business strategy

The Management has determined a maximum percentage of performance-based remuneration relative to the fixed remuneration to ensure an appropriate balance between fixed and variable pay. This percentage varies according to the type of position held and the business unit in which the employee or agent is employed.

## **5.3. Allowance and Benefits**

In addition to the fixed and variable pay, the Company offers a range of benefits including:

- 5.3.1. Terminal Benefits
- 5.3.2. Vehicle Loan Scheme
- 5.3.3. Vehicle Maintenance Allowance
- 5.3.4. Other benefits
- 5.3.5. Employee incentives
- 5.3.6. Increments

### **5.3.1. Terminal Benefits**

The terminal benefits correspond to government practices, such as MSPS, EPF, ETF and Gratuity. Employees are enrolled in the Mercantile Service Provident Society (MSPS) and Employee Trust Fund (ETF). Appointed agents may have separate terminal benefit arrangements based on their contractual agreements such as EPF and ETF. All employees are eligible to receive gratuity according to the gratuity provision.

### **5.3.2. Vehicle Loan Scheme**

Vehicle loan scheme is provided as per the position and job requirement of the employees. There are two categories in vehicle loan scheme

- Vehicle loan with interest
- Vehicle loan without interest

### **5.3.3. Vehicle Maintenance Allowance**

Those who are provided with a vehicle loan scheme are given a vehicle maintenance allowance. The values concerned differ according to the employee designations and employee grade.

### **5.3.4. Other benefits**

Benefits are provided in accordance with local market practice and as per the group stipulated practice. Other benefits may comprise Ex: Medical cover, Hospitalization cover, ability to purchase Singer products on credit and cash discounts, and as well as education aid scheme. These benefits are only included for the employees.

### **5.3.5. Employee Incentives**

In order to achieve annual performance goals and objectives, management sets an incentive scheme based the annual and monthly performance targets of the employees. This may vary according to the internal and external factors. Incentive schemes for agents may vary based on specific targets and market factors.

### **5.3.6. Increments**

Annual increments are awarded based on performance evaluations. For both employees and agents, this is linked to their final rating in the performance review.

## **6. REMUNERATION FOR EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT**

This section outlines the remuneration framework for the Executive Director (CEO of the company) and Senior Management. It consists of a fixed component (basic salary and fixed allowances), determined by considering qualifications, experience, competencies, skills, roles, and responsibilities.

Additionally, there is a performance-based component, determined by the percentage of performance goals achieved, which are set and communicated at the beginning of the financial year. These goals consider both financial and non-financial factors, aligning with the company's long-term objectives and financial stability. The performance-based compensation is also

influenced by the company's overall performance and the individual's contribution to that performance. This performance-based pay is directly attributable to the Company's performance and achievement of the goals set at the beginning of the year.

The Human Resources and Remuneration Committee will annually assess the Executive Director's performance against set targets. Furthermore, the committee will review the Executive Director's evaluations for senior managers, with the exception of the Compliance Officer and Senior Manager Risk, whose reviews are conducted annually by the Integrated Risk Management Committee to determine increments.

In determining the remuneration (fees and allowances) for non-Executive Directors, the Human Resources and Remuneration Committee takes into account their qualifications, experience, efforts, and the time they dedicate in contributing effectively to the company's decision-making process and their responsibilities. Non-Executive Directors receive compensation solely through Board and sub-committee sitting fees, which are reviewed annually by the Human Resources and Remuneration Committee, and a fixed transport allowance if needed.

All payments to Directors and Senior Management are made on an arm's length basis and disclosed in the annual report.

Directors and senior management who retired, resigned or removed from their positions will not receive any form of remuneration from the company with effective from their respective dates of departure.

## **7. REMUNERATION FOR APPOINTED AGENTS**

This section outlines the remuneration framework specifically for agents appointed by Singer Finance to perform intermediary services. Examples for appointed agents are outsourced staff for call centres and recoveries. Their remuneration consists of:



### **7.1 Fixed Payments**

Agents shall be paid a fixed amount as per contractual obligations

### **7.2 Performance-Based Commission**

In order to motivate, retain and enhance the performance of these staff, the management may pay an incentive from time to time

### **7.3 Travel and Communication Allowances**

Agents may also be entitled to allowances for travel and communication expenses, as outlined in their agreements.

## **8. REVIEW AND REVISIONS TO THE POLICY**

This policy will be reviewed and revised at least once every two years. Any necessary changes or updates will be proposed to the Chief Executive Officer and the Board for approval. All relevant parties will be notified of any modifications to this policy.

This Remuneration Policy will supersede the existing approved Remuneration Policy Number 9 of Singer Finance, and all relevant provisions of the previous policy will be null and void upon the adoption of this revised policy, ensuring alignment with the updated company objectives and strategic direction.



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