

POLICY ON HUMAN RESOURCE AND REMUNERATION

1. INTRODUCTION

The Board of Directors of Vallibel Finance PLC (“Vallibel Finance”) has in line with the provisions of the Finance Business Act Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka and the Listing Rules of the Colombo Stock Exchange ,a well-established policy on Human Resource and Remuneration which sets out the Company’s policies on matters concerning remuneration and other financial benefits to the Directors and Senior Management and in particular, on a comprehensive and holistic Remuneration Policy for the Company.

The Board has delegated the implementation of this policy to its Human Resource and Remuneration Committee (HRRC) which acts as a preliminary committee in respect of making recommendations to the Board.

For the purposes of this policy, the term 'remuneration' shall mean cash and any non-cash benefits received.

2. KEY ASPECTS OF THE HUMAN RESOURCES AND REMUNERATION POLICY

The Company’s formal and transparent remuneration policy for Executive Directors and Senior Management and the fees and allowances for Non-Executive Director , is based on the premise of the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.

Accordingly, the following key areas of the policy set the backdrop against which remuneration to Directors and Senior Management and the payment of allowances to Non-Executive Directors are made and how the HRRC functions in its implementation.

- (i) No Director shall be involved in fixing his/her own remuneration.
- (ii) The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests and cost-structure of the Company, and incorporate provision to prevent conflict of interests.
- (iii) The HRRC shall review the overall performance of the Senior Management (excluding Chief Internal Auditor, Compliance Officer and Chief Risk Officer) against the set targets and goals, which have been approved by the Board at least annually, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.
- (iv) The Chairman of the HRRC shall report to the Board on any matter that should be brought to the Board’s attention and provide its recommendations that require the Board’s approval at the Board Meeting.
- (v) The HRRC shall recommend the remuneration payable to the Executive Directors and the MD/CEO of Vallibel Finance and/or equivalent position thereof to the

Board of the Company which will make the final determination upon consideration of such recommendations.

- (vi) The HRRC may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and MD/CEO.
- (vii) The HRRC shall recommend the Remuneration Policy for approval of the Board on payment of salaries, allowances, incentives and other financial incentives for all employees of the Company.

3. COMPOSITION OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The HRRC shall be appointed by the Board of Directors from among their number and shall consist of not less than three (3) members, comprising exclusively of Non-Executive Directors, a majority of whom shall be independent.

The appointment of an HRRC member shall automatically be terminated if the member ceases to be a Director, or as determined by the Board.

The HRRC has a written terms of reference clearly defining its scope, authority, duties and matters pertaining to its governance and meetings.

4. REVIEW OF THE POLICY

This policy shall be reviewed as and when necessary in accordance with the changes in the regulatory and business environment. Any revision or amendment to this policy shall be approved by the Board.

Version V1.0