

REMUNERATION COMMITTEE REPORT

Composition and Meeting Attendance of the Committee

Remuneration Committee Members		Attendance	
		17-06-2020	14-10-2020
Chairman	Mr. G.C. Wickremasinghe <i>Independent Non-Executive Director</i>		
Members	Mr. R.N. Asirwatham <i>Independent Non-Executive Director</i>		
	Mr. C.H. Gomez <i>Independent Non-Executive Director</i>		

Attendance via MS Teams

Attendance by invitation

Deshamanya D.H.S. Jayawardena : *Chairman, Aitken Spence PLC*

Dr. M.P. Dissanayake : *Deputy Chairman and Managing Director, Aitken Spence PLC*

Ms. D.S.T. Jayawardena : *Executive Director, Aitken Spence PLC*

The Committee is composed of three independent non-executive Directors and they are free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining in their own remuneration.

The Remuneration Policy

The Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the Directors and considers the employment conditions of the Group companies and of the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

Due to the prevailing COVID-19 pandemic situation in the country, the Remuneration Committee agreed that it was paramount at this juncture to secure jobs and livelihoods of the employees and to differ all increments by one year. The Committee also made note of the fact that the Directors, Senior

Management and employees throughout the Group have taken a voluntary pay reduction from May 2020 onwards.

Key Responsibilities of the Committee

The Committee is responsible for determining the remuneration policy of the Directors and the Management Council and determines the overall individual remuneration packages which includes compensation on termination of employment. The Committee also evaluates the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.

Functions of the Committee

The Committee's decisions were determined based on the following principles and policies:

Remuneration Policy

- Evaluated the Group Remuneration Policy against the current market trends and industrial norms.
- Reviewed and ensured the implementation of the Group Remuneration Policy.

- Reviewed the policy of the remuneration package of the Directors and the Management Council.
- Reviewed the specific application of the Group Remuneration Policy to the Deputy Chairman and Managing Director and Executive Directors as well as the general application to the Key Management Personnel below the Main Board.

Performance Based Remuneration

- Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.
- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

Performance Incentives

- Evaluated the achievements as well as unaccomplished targets and results which are used to determine the performance-based incentives.

Remuneration of Deputy Chairman & Managing Director

- Evaluated the performance of the Deputy Chairman and Managing Director.

G.C. Wickremasinghe
Chairman
Remuneration Committee

Colombo
28th May 2021