



CGF4 - REMUNERATION POLICY

PMF FINANCE PLC

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01 INTRODUCTION

The company has formulated a policy called “**Remuneration Policy**” to ensure the payment of equitable, competitive remuneration for the Senior Management and employee of the company which is based on individual performance, company benchmark, industry practices and performance of the company as a whole.

The Framing the remuneration policy also mandated by the Central Bank of Sri Lanka under the Corporate Governance of Licensed Finance Companies.

02 PURPOSE AND OBJECTIVES

PMF aims to adopt compensation practices capable of guaranteeing distinctive compensation solutions that best drive our overall business and people strategies. The company follows a comprehensive approach in designing pay structure which helps in:

I. **Attracting and retaining required talent**

To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage

II. **Building high performance culture**

To align reward and recognition mechanism directly to the effort, performance, dedication and achievement relating to the Company's operations

III. **Driving organizational long term objectives**

To pay for performance i.e, the remuneration shall be linked to the performance and to strike the right balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the goals of the company.

IV. **To ensure compliances and maintain high standards to governance**

03 ELIGIBILITY

All permanent employees of the company (Senior Management and All other staff)

04 KEY PRINCIPLE OF REMUNERATION POLICY

- Align remuneration with the long-term interests of the company and its shareholders
- Minimize the complexity and ensure transparency
- Link to annual business performance of the company
- Promote a culture of meritocracy and is linked to key performance and business drivers
- Remuneration structure will be straight forward and simple for everyone to understand
- Reflective of market competitiveness so as to attract the best talent

05 ALIGNMENT WITH BUSINESS GOALS/ KPIs of COMPANY

The Board of Directors of PMF wants to ensure that its goals and the culture that lies behind its goals are reflected in the Company's remuneration policy, which seeks to align the interests of shareholders and, where appropriate, other stakeholders (including clients, suppliers, community and regulators) with those who work for the company.

06 THE ROLE OF HUMAN RESOURCES AND REMUNERATION COMMITTEE

- The committee operates under the delegated authority of the Board and its activities are governed by the Board.
- The committee continues to uphold the principles of accountability and transparency and ensures that the Remuneration policy demonstrates a clear link between reward and performance.
- The committee is responsible for setting up the remuneration policy and determining the remuneration packages (Salaries, allowances and other financial payments) relating to Executive Directors, Senior Management and the fees and allowances structure for Non-Executive Directors

- Setting goals and targets (KPI) for the CEO and KMPs.
- Evaluating the performance of the Senior Management (Excluding Chief Internal Auditor, Compliance Officer and the Chief Risk Officer) against the set targets and goals periodically and determining the basis for revising remuneration, benefits and other payments of performance-based incentives.
- The CEO advised the committee on significant changes in salary structures and the Terms and Conditions affecting Senior Management/Reviewing staff matters referred to it by the Board.
- Determining the Human Resource Policy and Organizational Structure of the Company.

07 REMUNERATION COMPONENTS/ STRUCTURE

The compensation for the Senior Management and staffs of our organization would be guided by the external competitiveness and internal parity through annual benchmarking surveys. The remuneration structure is broadly divided into fixed remuneration and Variable remuneration.

Fixed Remuneration

Description	Tool/component
<p>Fixed Remuneration which remunerates role, responsibilities and expertise;</p> <p>Fixed pay includes all remuneration guaranteed by the company which is not variable remuneration.</p>	<ul style="list-style-type: none"> - Salary - Fixed allowance

Variable Remuneration

Description	Tool/component
<p>Variable remuneration which remunerate personal performance and team/ collective achievement.</p> <p>The variable component comprises monthly/annual performance of the individual employee and company's performance as a whole.</p>	<ul style="list-style-type: none"> - Annual Bonus - Incentives - Fuel reimbursement of sales staff - Mobile bills reimbursement

Retirement/ Termination benefits

Description	Tool/component
<p>Legal benefits</p>	<ul style="list-style-type: none"> - EPF - ETF - Gratuity <p>(Minimum as per the law)</p>

Reward and Recognition

Description	Tool/component
<p>Tools that can be used to motivate employee and improve their performance</p>	<ul style="list-style-type: none"> - Annual sales conference - Long service awards - Training and development - Token of appreciation - Intra entrepreneurship

Other benefits

Description	Tool/component
<p>Not entitled for the above categories</p>	<ul style="list-style-type: none"> - Staff insurance cover

08 SALARY STRUCTURE

The company pays remuneration to its staff by way of Basic salary, Performance linked variable pay (Travelling and fuel expenses reimbursement) and perquisites, within the scales approved by the Remuneration committee in year 2023.

09 KPIs and PMS PROCESS

- **PLANNING**
Set KPIs from top to bottom
- **MONITORING**
Consistently measuring performance and provide ongoing feedback.
- **DEVELOPING**
Need base Training and Success Planning.
- **RATING**
Annual evaluation rating

Below average	Average	Meet Expectation	Exceed Expectation	Exceptional Contributor
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- **REWARDING**
Annual evaluation out come directly link to the,
 - Annual increment
 - Annual bonus
 - Performance base payment and incentives
 - Staff confirmation
 - Training and development
 - Annual awards ceremony
 - Disciplinary actions
 - Re visit recruitment strategy
 - Transfers and promotions

10 POLICY REVIEW

- This policy should be reviewed annually or as & when required to accommodate any changes in regulatory or other requirements.
- The policy should be submitted to the Board of Directors for their approval with the recommendation of Human Resources and Remuneration Committee.