

## Table of Contents

|     |  |    |
|-----|--|----|
| 01  | Introduction                                   | 03 |
| 02  | Objectives                                     | 03 |
| 03  | Scope  | 03 |
| 04  | Definitions                                    | 03 |
| 05  | Key Principles of Remuneration                 | 04 |
| 06  | Remuneration                                   | 04 |
| 6.1 | Board of Directors and Chief Executive Officer | 04 |
| 6.2 | Employees                                      | 05 |
| 7   | Governance and Oversight                       | 05 |
| 7.1 | Role of Board of Directors                     | 05 |
| 7.2 | Roles of the Remuneration Committee            | 05 |
| 8   | Reporting and Disclosure                       | 06 |
| 9   | Review and Update                              | 06 |

|  |  |                                       |                    |
|--|--|---------------------------------------|--------------------|
| Name of the Document: - Policy On Remuneration         |  | Document Number: - LH/POLICY/LEGAL/09 | Page: - 01 of 05   |
| Issue No: - 01   | Issue Date: - 19.09.2024   | Revision No: - 00                     | Date of Rev: - N/A |
| Prepared by: -<br>Senior Manager Legal &<br>Compliance | Reviewed by: -<br>Group Chief Executive Officer/Executive<br>Committee/Remunerations Committee | Approved by: -<br>Board of Directors  |                    |

This policy and its contents are the property of The Lanka Hospitals Corporation PLC. It should not be altered or copied in any way without the permission of the author or their representatives.

## 1. Introduction

The Lanka Hospitals Corporation PLC (“the Company”) and its subsidiary, Lanka Hospitals Diagnostics (Private) Limited are committed to establishing a remuneration framework that supports its long-term business objectives, promotes sustainable growth, and aligns the interests of its stakeholders. In line with the laws and regulations of the country, including the Listing Rules of the Colombo Stock Exchange, this Remuneration Policy sets out the guiding principles for determining the remuneration of the Board of Directors, Chief Executive Officer and/or equivalent position thereof and employees of the Company and its subsidiary.

The policy aims to provide a competitive and fair compensation structure that attracts, motivates, and retains talented individuals while ensuring that remuneration practices are transparent, performance-driven, and compliant with regulatory requirements. By linking a portion of remuneration to performance, the policy ensures accountability and reinforces the Group’s commitment to achieving its strategic goals and enhancing shareholder value.

## 2. Objectives

The objectives of this policy are as follows;

- To align the interests of Directors, Chief Executive Officer and/or equivalent position thereof, and employees with the Company’s and its subsidiary’s objectives and performance.
- To attract, retain, and motivate high-caliber individuals by providing competitive remuneration packages.
- To ensure remuneration practices comply with applicable legal and regulatory requirements.

## 3. Scope

This policy applies to the Board of Directors, Chief Executive Officer and/or equivalent position thereof and all employees of The Lanka Hospitals Corporation PLC and its subsidiary, Lanka Hospitals Diagnostics (Private) Limited.

## 4. Definitions

“CSE” refers to the Colombo Stock Exchange, Sri Lanka

“Remuneration” shall refer to cash and all non-cash benefits whatsoever received as referred to in the Listing Rules of CSE.

|  |                          |  |                   |                                      |
|--|--------------------------|--|-------------------|--------------------------------------|
| Name of the Document: - Policy On Remuneration         |                          | Document Number: - LH/POLICY/LEGAL/09  |                   | Page: - 02 of 05                     |
| Issue No: - 01   | Issue Date: - 19.09.2024 |  | Revision No: - 00 | Date of Rev: - N/A                   |
| Prepared by: -<br>Senior Manager Legal &<br>Compliance |                          | Reviewed by: -<br>Group Chief Executive Officer/Executive<br>Committee/Remunerations Committee |                   | Approved by: -<br>Board of Directors |

This policy and its contents are the property of The Lanka Hospitals Corporation PLC. It should not be altered or copied in any way without the permission of the author or their representatives.

**“Remunerations Committee”** refers to the Board appointed sub-committee which is entrusted with power and authority to establish and maintain a formal and transparent procedure for developing policy on remuneration and for fixing the remuneration packages of individual directors, Chief Executive Officer and/or equivalent position thereof and all employees of the Group. The Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.

## 5. Key Principles of Remuneration

Given below are the guiding principles that drive the remuneration decisions of the Company and its subsidiary;

- Transparency:** Remuneration decisions shall be transparent, with clear criteria based on individual performance, company performance, and market conditions.
- Competitiveness:** The remuneration packages will be competitive within the industry and geographical market to attract and retain qualified personnel.
- Fairness and Equity:** The remuneration policy shall ensure fairness and consistency across the company and its subsidiary, considering the role, experience, and performance/contribution of each individual.
- Alignment with Company values and culture**
- Regulatory Compliance**

## 6. Remuneration

### 6.1 Board of Directors and Chief Executive Officer and/or equivalent position thereof

- It shall be the duty and the responsibility of the Remuneration Committee to identify and determine remuneration packages and practices applicable to the Board of Directors and Chief Executive Officer and/or equivalent position thereof, taking into consideration market-based best practices and regulatory requirements (if any). The remuneration framework herein contemplated shall be recommended to the Board of Directors in a timely manner for consideration and approval.
- Remuneration for Non-Executive Directors should be based on a policy that adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.
- No Director shall be involved in fixing his/her own remuneration

|   |                          |   |                   |                                      |
|---|--------------------------|---|-------------------|--------------------------------------|
| Name of the Document: - Policy On Remuneration      |                          | Document Number: - LH/POLICY/LEGAL/09   |                   | Page: - 03 of 05                     |
| Issue No: - 01                                      | Issue Date: - 19.09.2024 |   | Revision No: - 00 | Date of Rev: - N/A                   |
| Prepared by: -<br>Senior Manager Legal & Compliance |                          | Reviewed by: -<br>Group Chief Executive Officer/Executive Committee/Remunerations Committee |                   | Approved by: -<br>Board of Directors |

This policy and its contents are the property of The Lanka Hospitals Corporation PLC. It should not be altered or copied in any way without the permission of the author or their representatives.

## 6.2 Employees

- a) The remuneration of each employee will be decided on the defined salary scales of the Company and its subsidiary ensuring diversity and fair pay. Any changes to these pre-defined scales will be pre-approved by the Remuneration Committee.

## 7. Governance and Oversight

### 7.1 Role of the Board of Directors

- a) The Board is responsible for the overall governance of the remuneration framework, ensuring that it aligns with the company's strategy, values, and performance.
- b) The Board is responsible for approving the remuneration policy and practices of the Board of Directors and Chief Executive Officer and/or equivalent position thereof, based on recommendations made by the Remuneration Committee.

### 7.2 Role of the Remuneration Committee

- a) The Remuneration Committee is responsible to identify and determine remuneration packages and practices applicable to the Board of Directors as stated in 6.1 hereto.
- b) It shall also be the responsibility of the Remuneration Committee to review the adequacy of the budgetary allocations, the controls and/or measures proposed by the management and to make appropriate recommendations to the Board of Directors for the adoption of an oversight framework for the management of manpower expenses in the best interest of pursuing the company and its subsidiary's goals.
- c) The Remuneration Committee shall also review the appropriateness of manpower/human capital strategies and the incentives applicable thereon with a view of ensuring that the HR spend is optimally used and directed towards establishing a nexus between productivity and manpower cost.
- d) The Remuneration Committee shall periodically review the remuneration scales applicable to all levels of staff/employees (including management and non-management staff) and ensure that the remuneration practices followed by the Company and its subsidiary are in line with the pre-agreed plans and/or budgets.
- e) The Remuneration Committee, a sub-committee of the Board, is responsible for overseeing the development, implementation, and periodic review of the Remuneration Policy.

Various control and compliance functions within the Company and its subsidiary are involved in the implementation of this policy to ensure that risk, capital and liquidity limits are not

|  |                          |  |                   |                                      |
|--|--------------------------|--|-------------------|--------------------------------------|
| Name of the Document: - Policy On Remuneration         |                          | Document Number: - LH/POLICY/LEGAL/09  |                   | Page: - 04 of 05                     |
| Issue No: - 01   | Issue Date: - 19.09.2024 |  | Revision No: - 00 | Date of Rev: - N/A                   |
| Prepared by: -<br>Senior Manager Legal &<br>Compliance |                          | Reviewed by: -<br>Group Chief Executive Officer/Executive<br>Committee/Remunerations Committee |                   | Approved by: -<br>Board of Directors |

This policy and its contents are the property of The Lanka Hospitals Corporation PLC. It should not be altered or copied in any way without the permission of the author or their representatives.

exceeded. The Company's Risk Management and Internal Controls Steering Committee assesses whether the remuneration structure is commensurate with the Company's and its subsidiary's risks, capital and liquidity and evaluates the probability and timing of the remuneration. The practices and procedures with regard thereto are clear, well-documented and transparent, and the procedures are subject to at least one annual independent review by the Group Head of Internal Audit.

## **8. Reporting and Disclosure**

- a) In accordance with the CSE Listing Rules, the Company will provide full disclosure of the remuneration of directors and Chief Executive Officer and/or equivalent position thereof in its Annual Report.
- b) The report will include information on the governance process, the role of the Remuneration Committee, and how remuneration outcomes align with company performance and strategic goals.

## **9. Review and Update**

This policy will be reviewed once in every two years to ensure its continued relevance and effectiveness. Any changes to this policy will be subject to approval by the Board of Directors.

*This policy is reviewed and recommended by the Remuneration Committee on 14<sup>th</sup> September 2024 and approved by the Board of Directors on 19<sup>th</sup> September 2024.*

|   |                          |   |                   |                                      |
|---|--------------------------|---|-------------------|--------------------------------------|
| Name of the Document: - Policy On Remuneration      |                          | Document Number: - LH/POLICY/LEGAL/09   |                   | Page: - 05 of 05                     |
| Issue No: - 01                                      | Issue Date: - 19.09.2024 |   | Revision No: - 00 | Date of Rev: - N/A                   |
| Prepared by: -<br>Senior Manager Legal & Compliance |                          | Reviewed by: -<br>Group Chief Executive Officer/Executive Committee/Remunerations Committee |                   | Approved by: -<br>Board of Directors |

This policy and its contents are the property of The Lanka Hospitals Corporation PLC. It should not be altered or copied in any way without the permission of the author or their representatives.