



# **POLICY ON REMUNERATION**

**Human Resource Department**

**SOFTLOGIC FINANCE PLC**

**2024**

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## **1. PURPOSE**

The management of Softlogic Finance PLC believes that the remuneration management system of the organization should reflect the potential to attract the best talent to the organization and maintain its ability to retain such talent within the organization, whilst providing incentive and motivation to all staff.

The remuneration structure of the organization is designed with the ultimate intention of being an instrument by which the Management could attract talent to the organization, motivate and retain existing talent, with the concept that individuals should be rewarded and recognized for the value they create and their contribution towards the achievement of corporate and business goals of the organization.

## **2. OBJECTIVES OF THE POLICY**

Development, execution and practice of an effective remuneration system within Softlogic Finance PLC.

Establishment, implementation and exercise of a cost-effective remuneration system which will be perceived as fair, just and equitable by each stakeholder.

Introduction of Best Practices in Remuneration Management and incorporating into the organizational culture to remunerate its individuals in a unique and attractive manner towards the attainment of its both individual and overall organizational goals.

## **3. SCOPE**

To comply with the provisions of relevant workplace agreements under the Labour law of the country and effective Human Resources Practices with high ethical consideration in the management and administration of Remuneration within Softlogic Finance PLC.

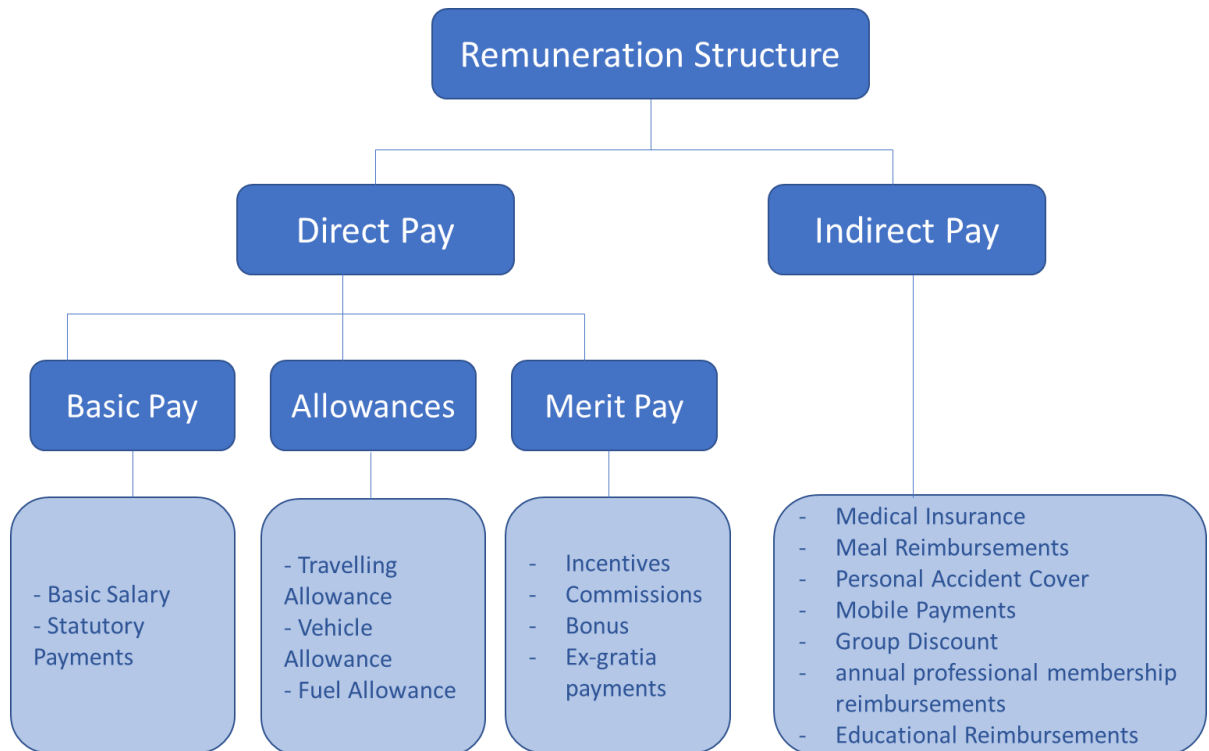
## **4. APPLICABILITY**

These policies and procedures, apply to all Employees of Softlogic Finance PLC but will not be applicable to outsourced cadre members, contracts covered by an oral and/or written agreement with the recognized outsourced agency, which will be treated as an independent contractor.

## **5. POLICY**

Softlogic Finance PLC will comply with the provisions of relevant workplace agreements under the law of the Country and follow Human Resources Best Practices when managing the Remuneration of staff members.

## 5.1. REMUNERATION STRUCTURE



### 5.1.1. Direct Pay

The direct payments to employees. E.g.- Basic Salaries/allowances and Merit Pay.

### 5.1.2. Indirect Pay

These are payments to employees that are not processed through the payroll incidental payments/financial benefits based on requirements. E.g. – Medical Insurance/Personal accident cover/Mobile Payments/Group Discount/Meal Reimbursements /annual professional membership reimbursements/Educational Reimbursements.

Payment of medical insurance and personal accident cover will be in accordance with the approved insurance policies by the management.

In payment of annual professional membership payments and educational reimbursements, the relevance of the existing role of the employee will be considered and is primarily intended for a permanent category employee. Payments should be approved by the Head of the Department,

Chief Finance Officer, Chief Operating Officer and Chief Executive Officer.

**5.1.3. Basic Pay**

This includes the basic salary and other statutory payments to employees which are processed through the monthly payroll. (EPF/ETF/Leave encashments and any type of payments as prescribed by the labour law of the country).

**5.1.4. Allowances**

Allowances will also be processed through the monthly payroll and will pay on a monthly basis. This includes Travelling Allowance/Vehicle Allowance/Fuel allowance and any other allowance prescribed by the management.

**5.1.5. Merit Pay**

Any type of payment based of the performance of employees will be considered as merit pay. This includes performance-based incentives and bonuses or ex-gratia payments.

Criteria for the performance-based incentives will be developed by respective product heads along with the approval of Head of Delivery Channels, Chief Finance Officer, Chief Operating Officer and Chief Executive Officer.

**5.2. INTERNAL AND EXTERNAL ALIGNMENT**

**5.2.1. Internal Alignment**

The Compensation and Benefit Grid has been developed in order to maintain the internal equity in terms of remuneration. Packages have been defined as pay bands based on each category of employment. This will help the management to take decisions on compensation and benefits of employees based on their category. (E.g. – increments and promotions)

**5.2.2. External Alignment**

External Alignment refers to the pay relationships among organizations in the industry; an organization's relative pay to its competitors. The Company shall measure the remuneration practices against the local market through the use of remuneration & benefits surveys and through benchmarking with other similar institutions.

**5.3. PERFORMANCE-BASED PAY SYSTEM**

Remuneration structures, annual salary revisions and bonus or ex-gratia component/value shall be determined primarily based on Company performance combined with departmental and individual performance review ratings.

Overall performance review of the employees will take place as mentioned below.

- Mid-year review – October
- Yearend review - March

The revision of salaries will take place annually.

The granting of a performance-based bonus/ex-gratia payment will take place twice a year dependent on the criteria mentioned above and the Company's ability to absorb the cost.

Also, the Criteria for the annual bonus/ ex-gratia payments should be aligned with the Softlogic Group practices as announced by Group HR Department every year.

#### **5.4. FESTIVAL ADVANCE**

Festival advance can be obtained based on the following criteria.

- One month's basic salary will be paid as festival advance
- Should be a permanent employee
- Only Manager and below category employees are eligible to apply
- 0% interest and with settlement undertaken via 12 months installments. (direct deductions from the payroll)
- Festival advance will be given in April (for Sinhala & Hindu New Year), December (for Christmas and Ramadan.)
- Application form should be submitted to HR department with the approval of Head of the Department.

#### **5.5. TRANSPARENCY**

The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality with considerable internal controls in place to ensure the confidentiality of the policy.

#### **5.6. FLEXIBILITY**

Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company, whilst complying with relevant in-house regulations and other legislations.

#### **5.7. DELEGATED AUTHORITY**

The decisions pertaining to the designing and implementation of new forms of pay/benefits or/and modifications to existing forms of pay/benefits will be handled by the Head of Human Resources with final authorization being obtained from the Chief Executive Officer.

Various control and compliance functions within the company are involved in the process with regard to the implementation of the policy and incentive structures to ensure that risk, capital and liquidity limits are not exceeded under the direction and supervision of Head of Human Resources.

Details of Compensation packages of individuals should not be shared or/and communicated to any personnel excluding the Human Resourced Department representatives as the remuneration package is strictly confidential.

The Management of the Softlogic Finance PLC retains sole discretion to review and/or repeal this policy and procedure.