

Corporate Governance Policy on Remuneration

Revision history			
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1. Definitions and Abbreviations

Unless otherwise defined or the context otherwise requires, all capitalized terms used in this Policy shall have the following meanings.

Applicable Laws	means all applicable statutes, laws, ordinances, rules and regulations, including but not limited to the Listing Rules, SEC Act and the Companies Act, in each case as in effect from time to time;
Board	means the Board of Directors of the Company;
Companies Act	means the Companies Act No. 7 of 2007;
Company	means Laugfs Gas PLC and; Laugfs Power PLC
CSE	means the Colombo Stock Exchange;
Listing Rules	means the Listing Rules of the Colombo Stock Exchange;
Personnel	means all directors, consultants, management, officers and employees (including permanent, probation, temporary or contract staff) of the Company, and individuals (including trainees, seconded staff, casual workers, agency staff, interns);
Policy	means this Policy on Remuneration;

2. Introduction

The purpose of this Policy is to establish guidelines and principles for determining remuneration, including salaries, benefits, and compensation packages, for executives, officers, and key employees of the Company. This Policy aims to ensure transparency, fairness, and alignment with organizational goals and values, while also complying with legal and regulatory requirements.

3. Scope

This Policy applies to all Personnel, including members of the Board, where applicable.

4. Related Policies

This Policy should be read in conjunction with the other policies, key documents, and guidelines of the Company, including the following:

- Policy on matters relating to the Board;
- Policy on Corporate Governance, Nominations and Re-election;

5. Framework and Guidelines

(a) Recommendations of the Remuneration Committee:

The Board shall consider the recommendations of the Remuneration Committee concerning the framework for remunerating the Chief Executive Officer (and/or equivalent position thereof), executive directors, and guidelines for fair and transparent procedures for senior management remuneration, including post-employment and terminal benefits.

(b) Performance Orientation:

Executive directors' remuneration shall be structured to promote short-term, medium-term, and long-term performance of the Company, aligning with its strategic objectives.

(c) Attractiveness, Retention, and Motivation:

Remuneration packages for executive directors and the Chief Executive Officer (and/or equivalent position thereof) shall aim to attract, retain, and motivate individuals of the required caliber, ensuring competitiveness in the market without excessive payments.

(d) Performance-related Elements:

Performance-related elements of remuneration for the Chief Executive Officer (and/or equivalent position thereof) and executive directors shall be designed to align their interests with those of the Company and main stakeholders, providing incentives for high performance. These elements shall be transparent, challenging, and consistently applied.

(e) Executive Share Options:

Executive share options shall not be offered at a discount, except as permitted by the Listing Rules.

(f) Non-Executive Directors' Remuneration:

The Board or shareholders, as required by the Articles of Association, shall determine the remuneration of non-executive directors, including members of the Remuneration Committee. This responsibility may be delegated to a Board sub-committee, possibly including the CEO. Non-executive directors' remuneration levels shall reflect their time commitment and responsibilities, benchmarked against market practices and periodically reviewed by the Remuneration Committee.

(g) Share Options for Non-Executive Directors:

Remuneration for non-executive directors shall generally exclude share options. Exceptions require prior shareholder approval. Any shares acquired through exercise of options must be held for at least one year after the director leaves the

Board. The holding of share options may influence the determination of a non-executive director's independence.

6. Reporting Requirements

The Annual Report shall include a statement of this Policy, and shall disclose aggregate remuneration paid to executive and non-executive directors. It shall also detail the number and aggregate remuneration of senior management personnel reporting directly to the Chief Executive Officer (and/or equivalent position thereof), including the Chief Executive Officer (and/or equivalent position thereof) if not serving as an executive director.

7. Reviews

This Policy and related procedures will be reviewed at least annually, or more frequently if required, by the Compliance Officer to:

- ensure they remain effective and relevant to the Company;
- ensure that they continue to comply with Applicable Laws and industry standards;
- determine if any changes are required.

The results of this review will be presented to the Board.