

POLICY ON REMUNERATION

1. DEFINITIONS:

‘Board’: Board of Directors of Ceylon Tobacco Company PLC

‘CEO’: Chief Executive Officer

‘Company’: Ceylon Tobacco Company PLC

‘SEC Act’: Securities and Exchange Commission Act No. 19 of 2021

‘CSE’: Colombo Stock Exchange

‘Key Management Personnel’: those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity

‘Remuneration’: Cash and all non-cash benefits whatsoever received

2. PURPOSE AND OBJECTIVES

The Remuneration Policy of the Company aims to ensure competitive and fair compensation for skills, experience and contributions to the Company. The Policy further ensures compliance with minimum wage legislation, and provision of a structured and a balanced remuneration package with the objective of retaining top talent.

2.1 Main principles underlying the Remuneration Policy

2.1.1 Fair and equitable:

The Company ensures fair compensation solely based on the job role, experience and performance, and, by no means shall the Company promote pay scales based on age, gender, race, sexual orientation, ethnicity and religion.

2.1.2 Suitability:

Members of the Board of Directors, key management and other employees will receive remuneration which reflects their responsibilities and the dedication required for their roles.

2.1.3 Competitiveness: The remuneration package will be designed to attract and retain highly qualified and skilled directors and employees.

2.2 Remuneration for Directors and Key Managerial Personnel

- (a) The performance of Directors and Key Management Personnel shall be evaluated annually based on the achievement of strategic and financial goals. The Remuneration Committee, morefully defined and explained under the

Policy on Board Committees, shall oversee this process and recommend appropriate remuneration adjustments to the Board.

- (b) The remuneration packages of Directors may consist of fixed payments and other non-cash benefits as determined by the Remuneration Committee, from time to time.
- (c) Executive Directors would also be entitled to the allowances specified below, under “Components of Remuneration for Employees.”

2.3 Components of Remuneration for Employees

- (a) **Basic pay** –The Company shall ensure compliance with minimum wage legislation, job requirements of each position, skills and work experience of an employee whilst determining his / her basic salary. The Company shall further comply with all statutory deductions from the basic salary, and statutory contributions to be made by the Company in respect of each employee’s basic salary.
- (b) **Allowances** – The Company shall ensure at its discretion that employees are given financial benefits which are over and above the basic pay as reimbursement to cover specific expenses. Permanent employees of the Company may be given medical, transport allowance, vehicle loan, housing loan, professional membership reimbursement and educational assistance subject to limitations based on salary grades of employees and at the sole discretion of the company and its policies.
- (c) **Annual bonus (discretionary)** - Based on the performance of the Company and individual performance, an annual bonus scheme would be adopted by the Company to reward past performance and to incentivize future performance.

The Company may, at its discretion, review and increase the remuneration package of the employees annually in correlation with changes in market conditions and performance of each employee.

The Company may provide promotional increments in the event that an employee is promoted into a new role with parallel added duties, responsibilities, and decision-making capacity.

3. DISCLOSURE REQUIREMENTS

Disclosure requirements pertaining to the remuneration policy and remuneration packages, as stipulated in the prevalent Listing Rules of the Colombo Stock Exchange, shall be duly complied with.

4. QUESTIONS

All questions concerning the implementation of this policy are required to be addressed to the Assistant Company Secretary of the Company via ctc_inquiries@bat.com