

KOT ADDU POWER COMPANY LIMITED POLICY ON DIRECTOR'S REMUNERATION

This Policy on remuneration of Directors (Policy) provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. This Policy has been prepared to comply with the requirements of Code of Corporate Governance, 2019, Companies Act, 2017 and the Articles of Association of the Company.

1. POLICY

- 1.1 The Company's Board of Directors (Board) seeks to ensure that there is a transparent, fair and reasonable process in place for determining the appropriate remuneration levels of Directors for attending meetings of the Board and Board Committee meetings.
- 1.2 This Policy sets out the broad principles and processes to be followed by the Board in determining the appropriate remuneration level for Directors.

2. OBJECTIVES

- 2.1 The objectives of this Policy are to ensure that:
 - a) A transparent process is in place to determine the appropriate level of remuneration for Directors;
 - b) The Company can attract and retain appropriately qualified and experienced persons; and
 - c) The Directors are remunerated fairly, in regard to their responsibilities and the objectives of the Company.

3. REQUIREMENTS AND RESPONSIBILITIES

- 3.1 No Director shall determine his own remuneration.
- 3.2 The Board shall ensure that remuneration levels are consistent and supportive for maintaining directors' independence.

- 3.3 The Board considers the inflationary factors while approving the annual business plan / budget and accordingly expenditures / payouts are indexed including human resource cost. Similarly, the remuneration determined by the Board for attending Board meetings and Board Committee meetings will be indexed with the annual increment approved for the Officers of the Company with effect from July 1 each year.
- 3.4 Directors shall not be entitled to any performance based remuneration.
- 3.5 An executive director shall not receive directors' remuneration.
- 3.6 Directors shall be entitled for travelling, accommodation and any other out of pocket expenses incurred by them for participating in meetings of the Board and Board Committee meetings within and outside the country, as approved.
- 3.7 The Chairman of the Board, for Company business/work (other than Board Meeting) shall be entitled to the following:
- i) In case of air travel, the entitlement is business class (if available)
 - ii) Local travel such as taxi fare etc. (in case of overseas travel) at actual
 - iii) For in land-travel, if done by road on Company provided vehicle will be covered in fuel petrol reimbursement, which is done on monthly basis
 - iv) Executive hotel accommodation. Ancillary expenses such as food, laundry and official lunches/dinners are paid at actual.
- No allowances will be paid and personal expenses, if any, are not to be paid by the Company.
- 3.8 Directors may be entitled to undertake professional development courses in Pakistan as required by law, regulation and/or corporate best practices, from time-to-time, at the cost and expense of the Company.
- 3.9 The Directors shall be entitles to a single Corporate Club Membership for the term of their respective office.
- 3.10 The Chairman shall be provided with a Company maintained vehicle.
- 3.11 Disclosure of total remuneration paid to directors will be made in the financial year in its Annual Report.

4. POLICY REVIEW

This Policy shall be reviewed every three (3) years (unless an earlier review is required).