

**Policy on Appointment and Remuneration of Directors of
Go Digit General Insurance Limited**

Policy on Appointment and Remuneration of Directors

The Insurance Regulatory and Development Authority of India (IRDAI), vide circular bearing number IRDAI/F&A/GDL/MISC/141/6/2023 dated June 30, 2023 has issued the “Guidelines on Remuneration of Directors and Key Managerial Persons of Insurers” (the “Guidelines”), governing the compensation and remuneration to the members of the Board, Key Managerial Persons of the Insurers, whose actions may have a material impact on the risk exposure of the insurer and should not encourage such individuals, to take inappropriate or excessive risks, especially where performance-based variable remuneration is used. The Guidelines replaces and supersedes all erstwhile prescriptions of IRDAI in this regard, including the IRDAI (Remuneration of Non-Executive Directors of Private Sector Insurers) Guidelines, 2016, and (Remuneration of Chief Executive Officer / Whole-time Director / Managing Director of Insurers) Guidelines, 2016 issued by IRDAI vide circular bearing number IRDA/F&A/GDL/LSTD/155/08/2016 dated August 05, 2016.

Pursuant to the abovementioned Guidelines of IRDAI, the Company vide a resolution passed by the Board of Directors of the Company, based on the recommendations of Nomination and Remuneration Committee, has adopted the present “Policy on Appointment and Remuneration of Directors” (the “Remuneration Policy for Directors”) in supersession of Board approved Remuneration Policy subsistent in the Company in this regard. The Policy is formulated under the requirements and the provisions of the Companies Act 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard to govern Remuneration of Non-Executive Directors of the Company and other applicable law.

1. Principles:

The Policy shall establish an effective governance of compensation and sound Remuneration structure for the Non-Executive Directors of the Company, that prevents situations of conflict of interest (that might compromise the integrity and objectivity of such Non-Executive Directors), while appointing any or member of its Board or designing the remuneration of the Non-Executive Directors of the Company.

2. Objectives:

The Policy, amongst other objectives, primarily intends to ensure:

- i. effective governance of compensation;
- ii. alignment of compensation with prudent risk taking;
- iii. effective supervisory oversight and stakeholder engagement;
- iv. safety of interest of policyholders and other stakeholders.

and to provide for Criteria for determining qualifications, positive attributes and Independence of Independent Directors

3. Definitions:

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| a. ‘Board’ | Board means the ‘Board of Directors’ of the Company, |
| b. ‘Nomination and Remuneration Committee’ or ‘NRC’ | The Committee Constituted by the Board under the provisions of section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and Guidelines for Corporate Governance for insurers in India, 2016, for inter-alia recommending to the Board on the |

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matters relating to the remuneration for the Directors, KMPs and other employees of the Company.

- d. Commission on Profit** The Commission payable to the Non-executive Directors as a part of their remuneration in accordance with the Companies Act, 2013 and Rules made thereunder, read with appropriate Prescriptions of the IRDAI. However, such commission on profit for any financial year shall be payable to the Directors subject to the following:
- The Company has reported positive profit after tax for the period for which the said commission is proposed to be paid.
 - The Board has passed a resolution approving such payment.
 - The amount of payment of remuneration in the form of Commission on profit to each of the Non-Executive Director shall not exceed the limits fixed by IRDAI from time to time.
 - Appropriate disclosure with regard to payment of such Commission on Profit is made in the financial statements of the Company for the respective financial year.
 - Company adheres to the prescriptions in this regard under any other law for the time being in force.
- e. 'Company'** Company shall mean the Go Digit General Insurance Limited, bearing IRDAI registration number 158, and having its registered office at 1st to 6th Floors, Ananta One (AR One), Pride Hotel Lane, Narveer Tanaji Wadi, City Survey No. 1579, Shivajinagar Pune-411005.
- g. Fixed Remuneration** A fixed remuneration payable which may be paid to the Non-Executive Directors irrespective of the profit or loss of the Company during any financial year as prescribed by IRDAI and applicable law.
- h. 'Independent Director'** Independent director is a Non-Executive Director of the Board of the Company appointed under the Companies Act, 2013 and the Rules made thereunder.
- i. IRDAI** IRDAI shall mean, Insurance Regulatory Development Authority of India, constituted under Insurance Regulatory and Development Authority Act, 1999 (IRDA Act 1999) for overall supervision and development of the Insurance sector in India.
- j. IRDAI Prescriptions** The Regulations, Guidelines, Circulars, Notifications and directions issued by IRDAI from time to time with specific applicability on the Company or otherwise.
- o. 'Non-Executive Director'** Non-executive director shall mean a Director of the Board of the Company, who is not an Executive Director and includes an Independent Director.

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- r. **‘Share Linked Instruments’** Share Linked Instruments for the purpose of this Policy shall include:
a. Employee Stock Option Scheme (ESOP),
b. Employee Stock Purchase Scheme (ESPS),
c. Stock Appreciation Rights Scheme (SARS)
- s. **‘Sitting Fee’** A fixed sum of remuneration payable by the Company to its Independent Directors and other directors as the board may specify against every meeting they attend in the Company in accordance with the Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.
- u. **‘Whole-time Director’ or ‘Executive Director’** ‘Whole-time Director’ or ‘Executive Director’ shall mean a director in the Board who is in employment of the Company on a fulltime basis with entitlement to receive Remuneration.

4. **Effective Date:**

This policy shall be applicable with effect from financial year 2023-24 onwards.

5. **Policy on Board diversity:**

The Board shall be comprised of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, Human Resource management, etc. or as may be considered appropriate. In designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least one women director.

6. **Conflict of interest:**

The Board recognizes conflict of Interest as one of the significant risks in structuring, implementing and reviewing this Policy. Therefore, the NRC shall carry out necessary examination to identify and prevent circumstances of conflict of interest (that might compromise the integrity and objectivity of such Officers), while recommending appointment of any member of the Board of the Company or designing their remuneration under this Policy.

In order to ensure that the members of the Board of the Company are not placed in a position of actual or perceived conflicts of interests, the Board, while structuring, implementing or reviewing this policy or taking any decision under this Policy, shall also examine on the circumstances of conflict of interest before taking any decision or further recommending to the shareholders on appointment of any member of the Board of the Company or structuring their remuneration, as the case may be, within the ambit of this Policy.

7. **Policy Framework**

The framework of the Policy shall have two distinct parts as under:

Part I: Policy on Remuneration of Non-Executive Directors.

Part II: Criteria for determining qualifications, positive attributes and Independence of Independent Directors

8. **Disclosure:**

The Company shall comply with the disclosure and accounting requirements prescribed by IRDAI

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and any other regulatory or statutory authority under Applicable law.

9. Review:

The NRC and the Board shall review this Policy:

- a. at least once in every financial year, or
- b. as and when the Board considers it appropriate, or
- c. as and when the underlying laws governing the Policy undergoes any change including any relevant change in the Insurance Act, 1938, IRDAI Prescriptions, Companies Act, 2013 and relevant provisions of the Companies Act including applicable rules thereunder or any other applicable law.

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Part I
Policy on Appointment and Remuneration of Non-Executive Directors

Non-executive directors of the Company objectively act in the interest of the Company and the stakeholders by overseeing and constructively challenging the management and the Company in its implementation of strategy within the system of governance of the Company and the risk appetite set by the Board. Besides, the Non-Executive Directors of the Company contribute towards ensuring that the Board members achieve their objectives; providing leadership and strategic guidance, while maintaining objective judgment; filling the expertise gap in the management; providing independent view on the running of the business, governance and boardroom best practices. The experiences of non-executive directors from different fields bring in wider perspective and outside experience contributing to the strategic developments of the Company. In view of the increasing demands on participation of non-executive directors coupled with higher responsibilities, non-executive directors are expected to bear in the interest of higher level of excellence in corporate governance and in order to enable Insurance companies to attract and retain professional non-executive directors, it is essential that such directors are appropriately compensated.

1. Policy:

This Policy shall be called the Policy on Remuneration of Non-Executive Directors of the Company (“NED Policy”) and shall be applicable from the date of adoption of this NED Policy by the Board or the Effective Date, whichever is earlier.

2. Appointment and Reappointment:

The Board and the shareholders shall carry out the appointment or re-appointment of the Non-Executive Directors of the Company through recommendations of the NRC in accordance with this NED Policy and as per the applicable provisions of the Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

a. Age Limit:

The maximum age limit for Non-Executive Directors, including the Chairperson of the Board, shall be 75 years. No person shall continue on the Board of the Company after attaining the age of 75 years, unless otherwise allowed under applicable laws.

b. Term of office:

i. Term of Office of an Independent Director

An Independent Director in the Board of the Company may be appointed for a term of up to five consecutive years and shall be eligible for re-appointment for the second term on passing of a special resolution in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard and other applicable law.

No Independent Director shall hold office for more than two consecutive terms, beyond a period of 10 years. After completion of 10 years such Independent Director shall be eligible for re-appointment only after a cooling-off period of at least three years in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

3. Remuneration:

Remuneration of the Non-Executive Directors of the Company shall comprise of Fixed Remuneration, and Commission on Profit etc. Payment of such Remuneration by the Company shall be governed by the applicable provisions of Companies Act, 2013 and the rules made

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thereunder, read with appropriate IRDAI Prescriptions in this regard and other applicable law. Sitting fees and any reimbursement of expenses incurred by the director in due discharge of their function will not form part of the Remuneration.

a. Fixed Remuneration

Each Non-Executive Directors of the Company may be entitled for such Fixed remuneration as may be approved by the Board and/or shareholders from time to time and in compliance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

b. Commission on Profit

Non-Executive Directors of the Company may be entitled for Commission on Profit as may be approved by the Board and/or shareholders from time to time and in compliance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

c. Limitation on Payment of Total Remuneration

The total remuneration paid by the Company to any Non-Executive Director of the Board, collectively on account of the above-mentioned Fixed Remuneration and Commission on Profit in any financial year, shall under no circumstances exceed a sum of Rupees Twenty lakh or such sum as prescribed under applicable law.

d. Sitting Fee and Reimbursement of Expenses

In addition to the Fixed Remuneration and Commission on profit as mentioned in the preceding section, the Non-Executive Directors of the Company shall be entitled to the following, as may be approved by the Board:

i. Sitting fees:

The Company shall pay Sitting Fees to the Non-executive Directors an amount as approved by the Board from time to time within the limits of applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard. The Board may decide to pay sitting fees only to Independent Directors.

ii. Reimbursement of expenses

Non-Executive Directors of the Company shall be entitled for reimbursement of actual expenses incurred by them to participate in the Board and other meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

e. Prohibition on Equity-linked Benefits

The Non-Executive Directors shall not be eligible for any equity-linked benefits.

4. Remuneration of Chairperson being a Non-Executive Director

Whenever, the Chairperson of the Board is a Non-Executive Director, the remuneration payable to such Non-Executive Chairperson shall be governed by the provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard. In consideration of the same, the permitted modes of remuneration and reimbursement of expenses to the non-executive Chairperson shall be:

- a. Such fixed payments at such periodicity as may be recommended by the Board, approved

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by the shareholders from time to time, including:

- i. Maintaining a Chairperson's office at the expense of the Company,
 - ii. Expenses against travel on official visits and participation in various forums (both in India and abroad) as Chairperson of the Company
 - iii. Expenses against travel and other expenses and allowances for attending to the duties as Chairperson of the Company.
- b. Sitting Fee for attending each meeting of the Committees/Board as approved by the Board from time to time within the limits of applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.
- a. Reimbursement of actual expenses incurred by them to participate in the Board and other meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

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Part II

Criteria for determining qualifications, positive attributes and Independence of Independent Directors

a. Qualifications of Director

A Director shall possess knowledge or expertise in one or more fields of finance, economics, insurance, law, management, sales, marketing, CSR, corporate governance, operations or other disciplines related to the Company's business with qualifications and experience that is appropriate to the Company.

b. Positive attributes of Directors

A Director shall be a person of integrity, who

- i. possesses relevant expertise and experience;
- ii. upholds ethical standards of integrity and probity.
- iii. Acts objectively and constructively while exercising his/her duties;
- iv. exercises his/her responsibilities in a bona-fide manner in the interest of the Company;
- v. devotes sufficient time and attention to his/her professional obligations for informed and balanced decision making; and
- vi. assists Company in implementing the best corporate governance practices.

c. Independence of Independent Directors

An Independent Director should meet the requirements of the Companies Act, 2013 concerning independence of Directors.