

**Policy on Remuneration of Employees of  
Go Digit General Insurance Limited**

## Policy on Remuneration of Employees

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 of Directors and Key Managerial Persons of the Insurers. The policy shall not encourage Key Managerial Persons, to take inappropriate or excessive risks for their performance based variable remuneration.. 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 Remuneration of Employees” 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, Managing Directors/Chief Executive Officer/Whole time Directors and Key managerial persons of the Company and other applicable law.

### 1. Principles:

The Policy shall establish an effective governance of compensation and sound Remuneration structure for the Officers of the Company, that -

- a. disincentivizes excessive or inappropriate risk taking by such officers;
- b. is harmonious to the long-term interests of the Company;
- c. propagates an environment of healthy corporate culture, organizational objectives, contemporary strategies and identified risk appetite in the Company;
- d. prevents situations of conflict of interest (that might compromise the integrity and objectivity of such Officers), while appointing any employee or designing the remuneration of the officers 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.

### 3. Definitions:

a.	<b>‘Board’</b>	Board means the ‘Board of Directors’ of the Company,
b.	<b>‘Nomination and Remuneration Committee’ or ‘NRC’</b>	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 matters relating to the remuneration for the Directors, KMPs and other employees of the Company.

c.	<b>‘Clawback’</b>	Clawback shall mean the contractual right of the Company, by virtue of which the Company can demand and receive back, the whole or part of any previously paid or vested remuneration to any KMP under circumstances stated under this Policy.
e.	<b>‘Company’</b>	Company shall mean the Go Digit General Insurance Limited, bearing IRDAI registration number 158, and having its registered office at 1 <sup>st</sup> to 6 <sup>th</sup> Floors, Ananta One (AR One), Pride Hotel Lane, Narveer Tanaji Wadi, City Survey No. 1579, Shivajinagar Pune-411005.
f.	<b>‘Disciplinary Authority’</b>	Managing Director and Chief Executive Officer and Head HR will be the Disciplinary Authority for all KMPs and other employees. Managing Director and Chief Executive Officer will be the Disciplinary Authority for Head HR. (NRC will be the Disciplinary Authority for Managing Director and Chief Executive Officer and Wholetime Directors)
g.	<b>‘Fixed Pay’</b>	Fixed Pay shall mean a fixed part of any employee’s remuneration, which is reasonable and arrived at taking into account all the relevant factors including responsibilities of the employee and applicable law for the time being in force. Fixed Pay shall include Basic pay, allowances, perquisites, contribution towards superannuation/retirement benefits and all other fixed items of compensation of such employee.
h.	<b>‘IRDAI’</b>	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.
i.	<b>‘IRDAI Prescriptions’</b>	The Regulations, Guidelines, Circulars, Notifications and directions issued by IRDAI from time to time with specific applicability on the Company or otherwise.
j.	<b>‘Malus’</b>	Malus shall mean the right of the Company, by virtue of which the Company can forfeit, the whole or part of any unpaid or accrued Variable Pay due to any KMP or Employee under circumstances stated under this Policy. Malus arrangement does not reverse vesting after it has already occurred.
k.	<b>‘Key Management Person’</b>	Key Management Person shall mean the ‘Key Managerial Person’ as defined in the IRDAI (Registration of Indian Insurance Companies) Regulations, 2022 and as designated by the Board from time to time.
l.	<b>‘KMP Remuneration’</b>	KMP Remuneration shall mean any money or its equivalent given or passed on to a KMP for the services rendered by him/her as the case may be; and shall include Perquisites.
m.	<b>‘Officer of the Company’</b>	Officer of the Company shall mean Officer as defined under section 2(59) of the Companies Act, 2013 and shall include any Director, Managing Director or Key Managerial Person of the Company.

n.	<b>'Perquisite'</b>	Perquisite shall mean Perquisite as defined under the Income-tax Act, 1961 and will include: a. Value of rent-free/accommodation provided by the Company. b. Value of any concession in the matter of rent respecting any accommodation provided by the Company. c. Any sum paid by the Company in respect of an obligation which was actually payable by the employee. d. Value of any benefit/amenity granted free or at concessional rate to the employee etc. e. The value of any specified security or shares allotted or transferred, directly or indirectly, by the Company, free of cost or at concessional rate to the employee. f. Any sum payable by the Company, whether directly or through a fund other than a recognized provident fund or an approved superannuation fund to effect an assurance on the life of the employee or to effect a contract for an annuity. g. The amount of any contribution to an approved superannuation fund by the Company in respect of the employee, to the extent it exceeds one lakh rupees; and h. The value of any other fringe benefit or amenity provided to the Employee.
o.	<b>'Share Linked Instruments'</b>	Share Linked Instruments for the purpose of this Policy shall mean: a. Employee Stock Option Scheme (ESOP), b. Employee Stock Purchase Scheme (ESPS), c. Stock Appreciation Rights Scheme (SARS)
p.	<b>'Variable Pay'</b>	Variable Pay shall mean the variable part of any employee remuneration, which shall be either in the form of Cash Benefits and/or in the form of Share Linked Instruments.  Cash Benefits for this purpose shall include incentives, bonus, and such other share linked benefits where the ultimate payout is in the form of cash such as CSARs, Phantom Stocks etc.
q.	<b>'Whole-time Director' or 'Executive Director'</b>	'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 and onwards.

**5. 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 KMP of the Company or designing their remuneration under this Policy.

In order to ensure that the KMPs 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 or KMP of the Company or structuring their remuneration, as the case may be, within the ambit of this Policy.

## **6. Policy Framework**

Keeping in view the difference of risks and responsibilities associated with the roles of the Key Managerial Persons and other employees of the Company, the framework of the Policy shall have two distinct parts dealing with their entitlements, remuneration and compensation separately as under:

Part I: Policy on Remuneration of Key Managerial Persons.

Part II: Policy on Remuneration of Employees (Other than Key Managerial Persons).

## **7. Disclosure:**

The Company shall comply with the disclosure and accounting requirements prescribed by IRDAI and any other regulatory or statutory authority under Applicable law.

## **8. 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.

## **Part I**

### **Policy on Remuneration of Key Management Personnel**

Key Managerial Persons (“KMPs”) play significant roles in the conduct of affairs of the Company and serve the Company as its primary drivers of business and strategy in adherence to all applicable laws to meet the expectations of the Board, shareholders, policyholders and all other stakeholders including the Government.

The Company has been committed to the adoption of fair employment, equal opportunity and prudent compensation practices. The approach of the Company to compensation has always been to drive meritocracy within the framework of prudent risk management. Further, the Company upholds the principle of advancement, through talent and performance, while ensuring diversity at workplace through efforts to recruit, develop and retain the most talented people from a diverse resource pool. This Policy is intended to establish a framework and guiding principles for appointment and compensation of the KMPs of the Company that is in harmony with the stated commitments of the Company and confirms to the requirements of law for the time being in force.

**1. Policy:**

This Policy shall be called the Policy on Remuneration of Key Managerial Persons of the Company (“KMP Remuneration Policy”).

**2. Scope:**

The policy shall govern and administer all aspects of the KMP Remuneration, including remuneration of Senior Management, including but not limited to:

- Fixed Pay including allowances,
- Perquisites,
- Retirement Benefits,
- Variable Pay including incentives,
- Bonus,
- Share Linked Instruments,
- Joining / Sign on bonus, etc.

For the purpose of this clause the term Senior Management (“SMP”) shall have meaning ascribed to it under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 to the extent applicable, from time to time and as identified by the Board from time to time. The provisions related to KMP Remuneration shall apply equally to SMP remuneration too.

Appointment of KMP/ SMP shall be based on the relevant educational qualification, experience, skills and competencies as required for performance of the job or as prescribed under applicable laws.

The NRC shall ensure that every KMP Remuneration adheres to the principles and procedures laid down under this Policy and follows 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 laws.

Further, the NRC, in consultation with the Risk Management Committee of the Board, shall from time to time ensure that:

- a. The KMP Remuneration is adjusted for all types of risk,
- b. KMP Remuneration outcomes are symmetric with risk outcomes,
- c. Payment of KMP Remuneration is sensitive to the time horizon of the risk, and
- d. The mix of cash, equity and other forms of remuneration are consistent with risk alignment.

Apart from the above, the NRC and the Risk Management Committee of the Board shall from

time to time ensure that every KMP Remuneration is risk adjusted through quantitative and qualitative measures of credit, market and liquidity risks.

**3. Institutional Performance for determination of Variable Pay and revision of Fixed Pay of the KMPs:**

The KMPs being primary drivers of the business and strategy of the Company, their remuneration in terms of Variable Pay has to be harmonious with the performance of the Company. Therefore, while considering the Variable Pay for the KMPs of the Company for any given period, it shall be ensured that such Variable Pay to the KMPs is commensurate with the overall performance of the Company during the period. Besides, the same evaluation shall be used to form the basis for revision of Fixed Pay of the KMPs. The minimum parameters of institutional performance, which shall be taken into account for determination of their Variable Pay of the KMPs for any period or for revision of Fixed Pay shall be:

- a. Overall financial soundness of the Company, such as net-worth position, solvency, growth in Assets Under Management, Net Profit, etc.;
- b. Compliance status of the Company with respect to requirements under IRDAI Expenses of Management Regulations;
- c. Claim efficiency of the Company in terms of settlement and outstanding;
- d. Improvement in overall grievance redressal status of the Company over the period previous to the one under assessment;
- e. Reduction in Unclaimed Amounts due to the policyholders of the Company over the period previous to the one under assessment;
- f. Renewal rate; and
- g. Overall Compliance status of the Company with respect to all applicable laws

Numeric weightage arrived on the basis of institutional performance on each of the above parameters shall be suitably configured for the MD/CEO/WTDs and other KMPs depending on their respective roles. Such numeric weightage shall constitute at least 60% of the total weightage in the performance assessment matrix of MD/CEO/WTDs; and at least 30% of the total weightage in the performance assessment matrix of other KMPs individually. The Company may also specify additional parameters which shall be in line with the Company's business strategy and plan from time to time, including but not limited to improvement in market share for any segment, improvement in combined ratio, etc.

The deterioration in the financial performance of the Company including the above-defined parameters shall lead to a contraction in the total amount of Variable Pay which may even be reduced to zero.

**4. Fixed and Variable Pay:**

- a. NRC shall ensure effective alignment of compensation with prudent risk taking.
- b. The Company will have a judicious and prudent approach to KMP Remuneration. KMP Remuneration will take into account a mix of external market pay and internal equity.
- c. The total compensation will be a prudent mix of fixed pay and variable pay. Fixed pay will include basic pay, allowances, perquisites, contribution towards superannuation/ retirements and any other form of benefits including reimbursable perquisites with monetary ceilings. The Company may also provide other benefits to the KMPs such as life insurance cover, medical insurance cover for employees and their dependents, car lease scheme etc.
- d. The Variable Pay to any KMP shall be 'performance-based' using measures of individual, unit or group performance that do not create incentives for inappropriate risk taking. 'Performance based incentives' shall be aligned with long term value creation and the time

horizon of risks to which the Company may be exposed. Any variable pay or performance incentive shall be paid/ granted to any KMP only once during a financial year.

- e. The Variable Pay shall be in the form of Share Linked Instruments or Cash Benefit or a mix of Cash Benefit and Share Linked Instruments. The Share Linked Instruments shall include ESOPs / ESARs/ESPS as per the scheme of the Company from time to time.
- f. The structure of Variable Pay shall be as under:
  - i. Variable Pay of any KMP shall be at least 50% of the Fixed Pay for the corresponding period and shall not exceed 300% of the Fixed Pay. Where variable pay is up to 200% of the Fixed Pay, a minimum of 50% of the variable pay shall be through grant of Share Linked Instruments under the Company's ESOP scheme or other Share Linked Instrument scheme in force from time to time. The same limit would be 70%, in case the variable pay is above 200% of the fixed pay.
  - ii. A minimum of 50% of the total Variable Pay must invariably be under deferral arrangements and the deferral period shall be a minimum of three years. The first such vesting shall, at minimum, accrue after one year from the commencement of the deferral period. Vesting shall be no faster than on a *pro-rata* basis and shall not take place more frequently than once in a year to ensure a proper assessment of risks before the application of *ex-post* adjustments.

No deferment of variable pay shall be required in case the total Variable Pay with respect to any KMP is equal to or less than Rupees Twenty-Five lakhs for any given particular year. However, the Managing Director and Chief Executive Officer and Head – HR shall have the flexibility to apply deferment of variable pay in such case.

- iii. Grant of ESOPs under the ESOP scheme of the Company as a component of Variable Pay shall be reckoned at the fair value as provided in this policy which shall be in accordance with the ESOP/Share Linked Instruments plan of the Company.
- iv. So far as the Company is unlisted, the total number of ESOPs granted in a year shall not exceed 1% of the paid up capital of the Company. The total number of ESOPs issued, granted, vested or outstanding under the ESOP scheme of the Company at any point of time shall not exceed 5% of the paid- up capital of the Company or at such lower limit as prescribed under the ESOP/Share Linked Instruments plan of the Company.

For clearance of doubts in interpretation and classification of Variable Pay under this sub-clause, the flow diagram annexed to the Policy (**Annexure – A**) may be referred.

- g. Joining/ sign on bonus shall only occur in the context of hiring new personnel and be limited to the first year of employment. Such a bonus will neither be considered as a part of fixed pay nor as a part of variable pay.
- h. In case of retirement / resignation / death of any KMP prior to the deferral period, the deferred pay may be paid as per the employment contract of the KMP. In case of reappointment on retirement, the deferred pay due at the time of retirement (i.e., prior to reappointment) shall be paid only for the respective years to which it was originally deferred.
- i. In case of termination of any KMP from the services consequent to a directive or order of any Judicial Authority or any other competent Authorities, or termination by the insurer in case of fraud/criminal offences etc., the deferred pay shall be forfeited in accordance with the provisions of Malus elsewhere delineated in this Policy.

## **5. Prohibited modes of KMP Remuneration:**

- a. KMPs of the Company shall not be issued or granted any sweat equity shares.
- b. Guaranteed bonuses are inconsistent with sound risk management or the pay-for performance principles and hence shall not be part of any remuneration plan.



- c. The Company shall not grant Severance Pay other than accrued benefits like gratuity, pension, etc., to KMPs except in cases where it is mandatory under any applicable provision of the statute. However, it is clarified that Severance Pay does not include notice period pay. Therefore, the Policy does not restrict payment of contractual notice period pay to any KMP upon resignation or termination of services of such KMP, as the case may be.

**6. Age and Term of Office of the Managing Director, Chief Executive Officer or any Whole-time Director:**

- a. Subject to the provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions being in force from time to time, and other applicable laws, the position of the Managing Director, Chief Executive Officer or any Whole-time Director shall not be held by the same incumbent in the Company for a continuous period of more than fifteen years.

Provided that, the individual shall be eligible for re-appointment as Managing Director, Chief Executive Officer or any Whole-time Director, as the case may be, in the Company, if considered necessary and desirable by the Board, after a cooling off period of at least one year, subject to the individual meeting other applicable conditions.

- b. No person shall continue as Managing Director, Chief Executive Officer or any Whole-time Director, as the case may be, with the Company beyond the age of seventy years.

Provided that the Board of the Company may specify an age limit lower than seventy years for the appointment of a person as the Managing Director, Chief Executive Officer or any Whole-time Director of the Company.

- c. In the event, the Managing Director, Chief Executive Officer or any Whole-time Director is appointed by the promoter of the Company, then the incumbent shall not hold the said posts for a continuous period of more than twelve years.

Provided that, the Company in the event, the Board and/or the Shareholders of the Company requires the incumbent to continue in the office for a period of more than 12 years, the same shall be done subject to necessary approval of the IRDAI. However, even in that case, Managing Director, Chief Executive Officer or any Whole-time Director shall not be eligible to hold office for a collective period of more than fifteen years.

**7. Governance of KMP Remuneration:**

- a. The NRC shall have the oversight over design, review and implementation of the Policy.
- b. The NRC will be composed of such Non-Executive Directors as may be prescribed under the applicable statutory/regulatory provisions from time to time including the IRDAI (Corporate Governance) Guidelines, 2016 or as considered appropriate by the Board.
- c. The NRC shall work in close coordination with Risk Management Committee to achieve effective alignment between compensation and risks.
- d. The NRC shall from time to time define the Key Performance Indicators (KPIs) for the Managing Director, Chief Executive Officer and Whole-time Directors of the Company which shall include performance parameters outlined by IRDAI Remuneration Guidelines. KMP Remuneration shall be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others for the Company.
- e. The NRC shall recommend to the Board for approval of the Fixed Pay, Perquisites, Retirals, Variable Pay that includes Cash Benefits, Non-Cash Benefits and Stock Option Grants for the Managing Director and Chief Executive Officer and Whole-time Directors. The remuneration payable to Managing Director and Chief Executive Officer and Whole-time

Directors will be subject to necessary approvals from the regulators and shareholders, wherever applicable. The NRC shall review the compensation structure of KMP/SMP from time to time.

- f. The NRC will approve the organizational performance norms for variable pay and assess the achievement against such norms including reviewing credit, market, liquidity risks, material operational risks and various other risks and factor in show cause notices, strictures issued, and penalties levied by IRDAI, if any as well as any internally identified compliance failures. The KMP Remuneration shall be in compliance with all requirements of applicable law for the time being in force. Based on such an assessment, the NRC shall recommend Variable Pay payable to Managing Director and Chief Executive Officer and Whole-time Directors to the Board for approval. The NRC may also recommend 'nil' variable pay based on its assessment.

## **8. Employee Stock Options**

- a. Employee Stock Options (ESOPs/ Options) are and will be a part of the total compensation structure for the KMPs of the Company.
- b. ESOPs, currently governed by the Go Digit - Employee Stock Option Plan 2018 as amended from time to time of the Company and in line with applicable law, aim at achieving twin objectives of aligning KMP Remuneration to long term interests of the Shareholders as well as retention of high potential employees of the Company. ESOPs aim at aligning the behavior of KMPs to long-term view of the performance of the Company. The Company may grant ESOPs from time to time to the Whole Time Directors, Chief Executive Officers and other KMPs.
- c. The ESOPs will be granted in accordance with the ESOP scheme of the Company, as in force from time to time and this Policy.
- d. In terms of Go Digit - Employee Stock Option Plan 2018, the ESOPs granted by the Company shall have a minimum two-years vesting period, and thereafter vesting shall take place (subject to meeting prescribed vesting criteria) as per vesting schedule on an annual basis over three or more years, and follows atleast a pro-rata basis for vesting. Should the Company and NRC consider other forms of Share Linked Instruments (subject to obtaining necessary and appropriate approvals), it will duly consider applying Retention Period for such other forms of Share Linked Instruments.
- e. Share linked instruments would be fair valued using Black-Scholes model or such other method as may be prescribed under applicable law from time to time. So far as the Company is unlisted, the fair value of the equity shares certified by a Category 1 merchant banker registered with SEBI shall be considered for the purpose of benefit calculation. After listing of the Company, share linked instruments shall be fair valued at the date of the Grant, and based on the last closing price of the shares of the Company at a domestic stock exchange having highest volumes on the immediate business day prior to grant or as may be prescribed under applicable law.

## **9. Malus and Claw back**

- a. In the event of a reasonable evidence of deterioration in financial performance of the Company in the form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more, or at a quantum as may be decided by NRC from time to time, the NRC may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic social or other conditions whether under or beyond the control of the Company or any person and other relevant factors.

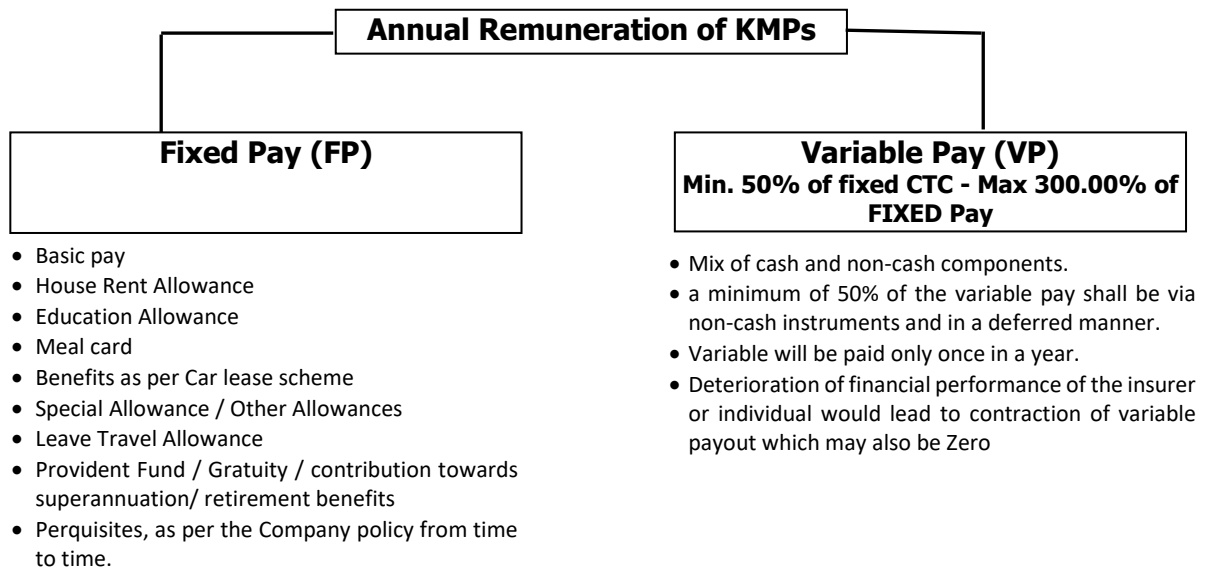
In deciding whether to apply Malus/Clawback on part or all or none of the variable

compensation, due regard to the principles of proportionality and of reasonable nexus between matters of ability, capability and expertise of the individual(s) versus matters or events outside the control or even nexus of the individual(s) to the events or situations shall be taken into evaluation.

- b. In the event of:
- i. act of willful or gross misconduct or neglect,
  - ii. the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity,
  - iii. gross or willful insubordination, or
  - iv. any other act detrimental to the interest of the Company including and not restricted to violation of Code of Conduct of the Company for employees or any policies of the Company, violation in dealing with Conflict of Interest, violation of law or any other Policy of the Company, failure to discharge fiduciary and regulatory duties, and in respect of which the Company would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual's (including employees, who were transferred or deputed or resigned),

The NRC (in case of Managing Director/ Whole-time Directors/ Chief executive officers) or the Disciplinary Authority, may decide to apply Malus and /or Clawback on part or all of the variable pay including unvested/vested/paid or deferred Variable Pay of the KMPs of the Company. Due process, including inquiries or investigations as required and/or adherence to principles of natural justice shall be ensured prior to conclusion on the above events of breaches and which would form the basis of the decisions. Error of judgment shall not be construed to be a breach under this Policy.

- c. Annual reporting of application of Malus and/or Clawback by the Disciplinary Authority will be made to the NRC for being noted.
- d. Clawback in relation to Share Linked Instruments shall apply on grants made with effect from the Effective Date of this policy and for the balance length of service/employment of the concerned person with the Company and shall survive the resignation, retirement, early retirement or termination of the concerned person in accordance with this Policy. Similarly, Malus in relation to Share Linked Instruments will apply on grants made with effect from Effective Date.
- e. In relation to bonus grants, with effect from Effective Date, Clawback shall be applied Deferment Period as applicable to Deferred Variable Pay in terms of this Policy applicable for the balance length of service/employment of the concerned person with the Company and shall survive the resignation, retirement, early retirement or termination of the concerned person.
- f. While situations may arise requiring application of Malus and/or Clawback to Officers who may have resigned, retired or taken early retirement or been terminated, the same shall be done basis the given facts and circumstances, and through due legal process for recovery of amounts adjudged for Clawback or as damages suffered by the Company or as recoverable otherwise.
- g. KMPs will be required to agree on malus and claw-back clause, which shall be treated as part of their employment contract with the Company.



**Part II**

**Policy on Remuneration of Employees (other than Key Managerial Persons)**

The Company has been committed to the adoption of fair employment, equal opportunity and prudent compensation practices. The approach of the Company to compensation has always been to drive meritocracy. Further, the Company upholds the principle of advancement, through talent and performance, while ensuring diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse resource pool. This Policy is intended to establish a framework and guiding principles for compensation of the of Employees (other than Key Managerial Persons) of the Company that is in harmony with the stated commitments of the Company and confirms to the requirements of law for the time being in force.

**1. Policy:**

This Policy shall be called the Policy on Remuneration of Employees (other than Key Managerial Persons) of the Company.

**2. Scope:**

The policy shall govern and administer all aspects of the Employee Remuneration, including but not limited to:

- Fixed Pay including allowances,
- Perquisites,
- Retirement Benefits,
- Variable Pay including incentives,
- Bonus,
- Share Linked Instruments,
- Joining / Sign on bonus, etc.

The Human Resources function shall ensure that every Employee Remuneration adheres to the principles and procedures laid down under this Policy and follows the applicable provisions under applicable laws including its alignment with all types of risks, wherever required.

**3. Performance for determination of Variable Pay and revision of Fixed Pay of the Employees:**

While considering the Variable Pay for the Employees at senior level employees for any given period, it shall be ensured that such Variable Pay to such employees is commensurate with the overall performance of the Company during the period. Besides, the same evaluation shall be used to form the basis for revision of Fixed Pay of such employees. The minimum parameters of performance, which may be taken into account for determination of their Variable Pay of such employees for any period or for revision of Fixed Pay shall be as determined by the Head of Human Resources in consultation with concerned Head of the Department or as per the extant process followed by the Company.

However, flexibility may be maintained while determination of Variable Pay and revision of Fixed Pay of employees for other than senior levels.

The deterioration in the performance of the Company may lead to a contraction in the total amount of Variable Pay which may even be reduced to zero.

**4. Fixed and Variable Pay:**

- a. The Human Resources function shall ensure effective alignment of compensation with prudent risk taking
- b. The Company will have a judicious and prudent approach to Employee Remuneration.
- c. Employee Remuneration will take into account a mix of external market pay and internal equity.

- d. The total compensation will be a prudent mix of fixed pay and variable pay. Fixed pay will include basic pay, allowances, perquisites, contribution towards superannuation/ retirals and any other form of benefits including reimbursable perquisites with monetary ceilings. The Company shall also provide other benefits to the employees such as life insurance coverage for employee, medical insurance coverage for employees and their dependents, car lease scheme etc.
- e. The Variable Pay to any Employee shall be 'performance-based' using measures of individual, unit or group performance that do not create incentives for inappropriate risk taking. 'Performance based incentives' shall be aligned with short term and long term value creation and the time horizon of risks to which the Company may be exposed. Any variable pay or performance incentive shall be paid/ granted to any Employee on half yearly basis or on yearly basis or on any other frequency as decided by Managing Director and Chief Executive Officer and the Head of Human Resources.
- f. The Variable Pay shall be in the form of Share Linked Instruments or Cash Benefit or a mix of Cash Benefit and Share Linked Instruments. The Share Linked Instruments shall include ESOPs / ESARs/ESPS as per the scheme of the Company from time to time.
- g. The Company may specify a minimum of the total Variable Pay which will be under deferral arrangements and the deferral period for the same.
- h. Joining/ sign on bonus shall only occur in the context of hiring new personnel and be limited to the first year of employment. Such a bonus will neither be considered as a part of fixed pay nor as a part of variable pay.
- i. In case of termination of any Employee from the services consequent to a directive or order of any Judicial Authority or any other competent Authorities, or termination by the insurer in case of fraud/criminal offences etc., the deferred pay shall be forfeited in accordance with the provisions of Malus elsewhere delineated in this Policy.

### **5. Prohibited modes of Employee Remuneration:**

- a. Employees of the Company shall not be issued or granted any sweat equity shares.
- b. Guaranteed bonuses are inconsistent with sound risk management or the pay-for performance principles and hence shall not be part of any remuneration plan.

### **6. Governance of Employee Remuneration:**

- a. The Head of Human Resources shall be responsible for review and implementation of the Policy and shall report to the Nomination and Remuneration Committee.
- b. The Employee Remuneration shall be in compliance with all requirements law for the time being in force.
- c. Head of Human Resources shall finalise the Variable Pay and revision in Fixed Pay for the Employees in consultation with the Head of functions and shall recommend the same for the approval of Managing Director and CEO.
- d. The Managing Director and Chief Executive Officer and the Head of Human Resources function shall be responsible for execution of the Employee Remuneration strategy, practices and plan (covering both Fixed Pay and Variable Pay) for the Company, in line with this Policy.

### **7. Malus and Claw back**

- a. In the event of
  - i. act of willful or gross misconduct or neglect,
  - ii. the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity,

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- iii. gross or willful insubordination, or
- iv. any other act detrimental to the interest of the Company including and not restricted to violation of Code of Conduct of the Company for employees or any policies of the Company, violation in dealing with Conflict of Interest, violation of law or any other Policy of the Company, failure to discharge fiduciary and regulatory duties, and in respect of which the Company would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual's (including employees, who were transferred or deputed or resigned),

the Disciplinary Authority, may decide to apply Malus and /or Clawback on part or all of the variable pay including unvested/vested/paid or deferred Variable Pay of the employee of the Company. Due process, including inquiries or investigations as required and/or adherence to principles of natural justice shall be ensured prior to conclusion on the above events of breaches and which would form the basis of the decisions. Error of judgment shall not be construed to be a breach under this policy.

In deciding whether to apply Malus/Clawback on part or all or none of the variable compensation of the previous year, the Managing Director and Chief Executive Officer or Head of Human Resources or the Disciplinary Authority, may in its evaluation shall have due regard to the principles of proportionality and of reasonable nexus between matters of ability, capability and expertise of the individual(s) versus matters or events outside the control or even nexus of the individual(s) to the events or situations.

- b. Any such instance of Malus/Clawback shall be reported to the Nomination and Remuneration Committee of the Board for its noting.
- c. Clawback in relation to Share Linked Instruments shall apply on grants made with effect from the Effective Date and for the balance length of service/employment of the concerned person with the Company and shall survive the resignation, retirement, early retirement or termination of the concerned person in accordance with this Policy. Similarly, Malus in relation to Share Linked Instruments will apply on grants made with effect from Effective Date.
- d. In relation to bonus grants, effective, Clawback shall be applied Deferment Period as applicable to Deferred Variable Pay in terms of this Policy applicable for the balance length of service/employment of the concerned person with the Company and shall survive the resignation, retirement, early retirement or termination of the concerned person.
- e. While situations may arise requiring application of Malus and/or Clawback to Officers who may have resigned, retired or taken early retirement or been terminated, the same shall be done basis the given facts and circumstances, and through due legal process for recovery of amounts adjudged for Clawback or as damages suffered by the Company or as recoverable otherwise.

### 8. Exceptions

Any exception(s) to the this policy, shall be approved by the Managing Director and Chief Executive Officer and Head of Human Resources function.

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