



IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

**Policy on Selection, Appointment, Remuneration and Performance Evaluation of
Directors, Key Managerial Persons and Other Employees**

Prepared by/ Owner	Reviewed by	Approved by
CCO	Sr. ED (HR, Admin, Training and CSR)	MD

Version	:	
Approved by	:	Board of Directors
Date of Approval	:	4 th June, 2025

Table of Contents

S. No.	Particulars	Page No.
1.	Scope and Objectives	3
2.	Definitions	3
3.	Policy Review	4
Part A: Appointment and Selection of Directors and members of Senior Management and criteria for determining Directors' Independence		
1.	Qualifications and Criteria for Appointment of a Director	5
2.	Age Limit for Appointment as Non-Executive Director (NED)	6
3.	Tenure and Criteria of Independence for Independent Directors	6
4.	Qualifications and Criteria selection and appointment of MD/CEO/WTB	6
5.	Qualifications and Criteria for appointment of KMPs (other than MD/CEO/WTB) and other Members of Senior Management	7
6.	Resident Indian citizenship for Directors and Key Management Persons	7
7.	Succession Planning	8
8.	Regulatory Compliance	8
Part B: Remuneration to Directors, Key Managerial Personnel and other Employees		
1.	Remuneration to Non- Executive/ Independent Directors	8
2.	Remuneration to MD/ CEO/ WTB & Other KMPs	9
3.	Directors and Officers Liability Insurance	13
4.	Remuneration to Other Employees	13
5.	Disclosure Requirements	13
6.	Regulatory Compliance	13
Part C: Evaluation of Performance of the Board, its Committees, Directors and KMPs		
1.	Annual Evaluation by Independent Directors under Schedule IV to the Act	14
2.	Annual Evaluation of Performance under section 178(2) read with Section 134(3)(p) of the Act	14
3.	Reporting & Confidentiality	15
4.	Disclosure	15

1. Scope and Objectives:

The Company is required to have in place a Policy laying down the criteria for determining qualifications, positive attributes and independence of a Director and KMPs and the proposed remuneration for the Directors, KMPs and other employees.

The Policy is prepared in accordance with the provisions of the Companies Act, 2013, CG Regulations & Guidelines and other applicable Regulations issued by the IRDAI.

The objectives of the Policy are:

- (i) This policy sets out the guiding principles for the N&R Committee for identifying persons who are qualified to become Directors and who may be appointed as Key Managerial Persons and in the Senior Management of the Company and ensuring that the Company achieves an appropriate balance of skills, experience, knowledge and expertise amongst its Directors and Key Managerial Persons.
- (ii) This policy also aims to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.
- (iii) To recommend to the Board the remuneration of the Directors, Key Managerial Persons and other employees of the Company and ensure that:
 - a) The remuneration is reasonable and sufficient to attract, retain and motivate, at all levels, the quality talent required to run the Company successfully.
 - b) To ensure that relationship of remuneration to performance is clear and meets the performance benchmarks.
- (iv) Setting the criteria for evaluation of the performance of the Directors, the Board as a whole and the KMPs of the Company.

This Policy is divided into the following parts:

- Part A: Appointment and Selection of Directors and members of Senior Management and criteria for determining Directors' Independence
- Part B: Remuneration of Directors, Key Managerial Personnel and other Employees
- Part C: Evaluation of Performance of the Board, its Committees, Directors and Key Managerial Persons

2. Definitions:

In this Policy, the following terms shall have the following meanings:

- a. **"Act"** means the Companies Act, 2013 and the Rules made thereunder as amended from time to time;
- b. **"Board"** means the collective body of the Board of Directors of the Company;
- c. **"Cash Linked Stock Appreciation Rights or CSARs"** means right given to a CSAR grantee (Directors, KMP, Officers or other employees of the Company) entitling him to receive appreciation for a specified number of stocks/shares of the Company at a predetermined strike price, where the settlement of such stock and its appreciation may be made by way of cash payment;
- d. **"Cash Linked Stock Appreciation Right Scheme or CSAR Scheme"** means a scheme as approved by the Board/ Shareholders of the Company under which the Company grants CSARs to the grantee(s) ;
- e. **"CG Regulations & Guidelines"** refers to the IRDAI (Corporate Governance for Insurers), Regulations, 2024 and Master Circular on Corporate Governance for Insurers, 2024.

- f. **“Company”** means IFFCO TOKIO General Insurance Co. Limited;
- g. **“Director”** Means a Director appointed to the Board of the Company;
- h. **“Fixed Pay”** means the fixed portion of Remuneration and shall include Basic Pay, allowances, perquisites, contribution towards superannuation/ retirement benefits and all other fixed items of compensation;
- i. **“Independent Director”** or **“ID”** means a Director referred to in sub-section (6) of Section 149 of the Companies Act, 2013;
- j. **“IRDAI”** means Insurance Regulatory and Development Authority of India established under sub-section (1) of Section 3 of the Insurance Regulatory and Development Authority Act, 1999;
- k. **“Key Managerial Personnel”** or **“KMP”** means members of the core management team of the Company including all Whole Time Directors (WTD), Managing Director (MD)/Chief Executive Officer (CEO), and the functional heads one level below the MD/CEO, including the Chief Financial Officer (CFO), Appointed Actuary, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer and the Company Secretary;
- l. **“Nomination and Remuneration Committee”** or **“N&R Committee”** means the committee constituted by the Company’s Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and CG Regulations & Guidelines. ;
- m. **“Remuneration”** means any money or its equivalent given or passed on to a Director/ KMP/ Employee for the services rendered by him/her; and includes perquisites as defined under the Income Tax Act, 1961 but does not include the sitting fees and reimbursement of the expenses for the attending meeting paid/ payable to Non-Executive Directors and Independent Directors as per the provisions of the Companies Act, 2013;
- n. **“Senior Management”** means personnel of the Company who are members of its core Management team excluding members of the Board of Directors comprising all members of the Management one level below the Executive/Whole-time Directors including functional heads;
- o. **“Share Linked Instruments”** means stock appreciation rights schemes for the purpose of this Policy;
- p. **“Variable Pay”** means the performance linked portion of Remuneration and includes incentives, bonus, Share-Linked Instruments etc.

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013 read with the Rules made thereunder, Insurance Act 1938, IRDAI Act, 1999, IRDAI Regulations, and Guidelines shall have the meanings respectively assigned to them in those Acts/ Regulations and Guidelines.

3. Policy Review

- a) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Act, , the IRDAI Regulations and Guidelines, the Insurance Act 1938 and rules/regulations/ guidelines

- b) made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- c) This Policy will be reviewed by the N&R Committee on annual basis and in case of any change or modification, the same shall be recommended to the Board for approval.

Part - A

Appointment and Selection of Directors and members of Senior Management and criteria for determining Directors' Independence

1. Qualifications and Criteria for Appointment of a Director

- a) Meeting the requirements of the Company and enhancing the competencies of the Board are the basis for the N&R Committee to shortlist and recommend a person for appointment as Director on the Board of the Company. The objective is to have a Board with diverse backgrounds and experiences that are relevant for the Company's operations.
- b) When evaluating the suitability of an individual and making a recommendation to the Board for appointment of such individual as Director on the Board of the Company, the N&R Committee may take into account factors, such as:
 - i. General understanding of the Company's business dynamics, Industrial and Social perspective;
 - ii. Educational and professional background;
 - iii. Standing in the profession;
 - iv. Personal and professional ethics, integrity and values;
 - v. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- c) The proposed appointee:
 - i. shall possess a Director Identification Number (DIN);
 - ii. shall not be disqualified under Section 164 of the Companies Act, 2013;
 - iii. shall meet the requirement of Section 48A or fulfils the conditions of exemption granted by IRDAI;
 - iv. shall meet the fit and proper criteria as laid down by CG Regulations & Guidelines and provided with suitable declaration and undertakings to the Company in this regard;
 - v. shall give his written consent to:
 - a) act as a Director;
 - b) endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
 - c) abide by the Code of Conduct established by the Company;
 - d) disclose his concern or interest in any company or companies or bodies corporate, firms or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
 - e) inform the Company regarding changes in the particulars/ information submitted at the time of appointment.

- f) shall not be working in the capacity of Chief Insurance Executive/ Specified Person/ Person responsible for the solicitation of insurance business for or on behalf of Insurance Agent/ Intermediary unless approved by the IRDAI.
- vi. shall execute a Deed of Covenant with the Company as prescribed under CG Regulations & Guidelines. ;
- vii. shall comply with such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, IRDAI Guidelines and other relevant laws.
- d) No person shall be considered for appointment as Director of the Company if he is already a Director in twenty companies and/or holds the directorship in ten or more public companies or private companies that are either a holding or subsidiary of a public company.

2. Age Limit for appointment as Non-Executive Director (NED)

The maximum age limit for appointment as Non-Executive Director, including Chairperson of the Board, shall be 75 (seventy-five) years and after attaining 75 years, no person shall continue on the Board of the Company.

3. Tenure and Criteria of Independence for Independent Directors

- a) The N&R Committee shall assess the Independence of Directors at the time of appointment/ re-appointment and the Board shall assess the same annually.
- b) The Independent Directors shall fulfil the criteria of independence and other requirements as laid down in Section 149(6) of the Companies Act, 2013 and CG Regulations & Guidelines and shall submit the requisite declaration to this effect.
- c) Independent Directors shall register themselves in the data bank established and maintained by the Indian Institute of Corporate Affairs and either pass the online proficiency self-assessment test within the allowed time limit or secure exemption from passing such test as per requirement prescribed under the Companies (Appointment & Qualification of Directors) Rules, 2014 and amendment thereof.
- d) The Independent Directors shall give consent to abide by the “Code for Independent Directors” as specified in Schedule IV to the Companies Act, 2013.
- e) An Independent Director may be appointed for a term upto 5(five) consecutive years and shall be eligible for re-appointment in accordance with the provisions of the Companies Act, 2013 and the CG Regulations & Guidelines. . No Independent Director shall hold office for more than two consecutive terms i.e. upto 10 (ten) years. After completion of two consecutive terms, a person shall be eligible for appointment as Independent Director only after a cooling-off period of 3 (three) years.

4. Qualifications and Criteria for selection and appointment of MD/CEO/WTD

- a) In addition to the general requirements mentioned in Para 1 above, the N&R Committee shall consider the below-mentioned criteria before recommending a person for appointment as MD/CEO/WTD:

- (i). The eligibility conditions as per Section 196(3) and Part I of Schedule V of the Companies Act, 2013 have been fulfilled;
- (ii). No person shall continue as MD/CEO/WTd beyond the age of 70 (seventy) years;
- (iii). The same person shall not hold the post of MD/CEO/WTd of the Company for a continuous period of more than 15 years. If the MD/CEO/WTd is appointed by a promoter/ major shareholder, then he/she shall not hold the said post for a continuous period of more than 12 years. However, in exceptional circumstances and if so permitted by the IRDAI, such MD/CEO/WTd may continue to hold office upto 15 years;
- (iv). A person shall be eligible for re-appointment as MD/CEO/WTd after completion of continuous period of 12 or 15 years (as the case may be), if considered necessary and desirable by the Board, only after a cooling- off period of 1 (one) year, subject to meeting all other statutory requirements;
- b) The appointment of MD/CEO/WTd shall be subject to provisions of Section 34A, 34B of the Insurance Act, 1938 and shall require approval from the IRDAI.

4A. Appointment of Chairperson of the Board of Directors

- a) The Chairperson of the Board shall be appointed with the prior approval of the IRDAI.

5. Qualifications and Criteria for appointment of KMPs (other than MD/CEO/WTd) and other Members of Senior Management

- a) The N&R Committee shall recommend the persons meeting the fit and proper criteria as laid down in the CG Regulations & Guidelines for appointment as KMPs of the Company. The N&R Committee shall ensure that:
 - (i) The candidate possesses:
 - the requisite qualification, experience and expertise as may be prescribed under the Companies Act, 2013 and Insurance Act, 1938 and rules/ regulations made thereunder in the relevant discipline for which the appointment is being considered;
 - highest level of personal and professional ethics and integrity;
 - high quality attributes such as discipline, objectiveness, sensitivity and creativity;
 - excellent interpersonal communicational and representational skills;
 - strong influencing and negotiation skills;
 - inclination for continuous professional development to refresh knowledge and skills.
 - (ii) No single individual is simultaneously holding more than one position of Key Management Person that may have potential conflict of interest.
 - (iii) The names and designations of all KMPs shall be disclosed on the website of the Company.
- b) Other members of the Senior Management should also be appointed on the basis of the abovementioned criteria.

6. Resident Indian citizenship for Directors and Key Management Persons

- a) The Company shall adhere to the provisions and requirements of the Companies Act, 2013, CG Regulations & Guidelines, , and IRDAI (Registration, Capital Structure, Transfer of Shares) Regulations, 2024 with respect to the appointment of Director, KMPs.
- b) The Company shall ensure that at all times:
 - (i). a majority of directors;
 - (ii). a majority of its Key Management Persons; and
 - (iii). at least one among the Chairperson of its Board, its Managing Director and its Chief Executive Officer,shall be Resident Indian Citizen.
For this purpose, Resident Indian Citizen shall have the meaning assigned to it under Foreign Exchange Management Act, 2000, Indian Citizenship Act, 1955 and applicable Regulations made thereunder.

7. Succession Planning:

The Board shall consider and adopt appropriate steps and measures towards succession planning through a process of proper identification and nurturing of individuals for taking up directorship and KMP positions in the Company. The Company shall adopt a plan in this regard and the Board shall review such succession plan on an annual basis. The N&R Committee shall be responsible for succession planning of the Company including its implementation in a smooth manner.

8. Regulatory Compliance

- a) The Company shall prepare and submit such intimations to the IRDAI as required from time to time with regard to appointment, re-appointment or termination of directors or KMPs as required under the IRDAI Guidelines and circulars issued from time to time.
- b) The Company shall ensure that all directors and KMPs shall continue to fulfil the conditions for the appointment as stated under this policy at all time during their term of appointment. Requisite confirmations in this regard shall be obtained from the Directors and KMPs, at least on annual basis, and same shall be placed before the Board/ N&R Committee.
- c) The Company shall ensure that the appointment, re-appointment and cessation of Directors and KMPs is duly filed with the Ministry of Corporate Affairs and IRDAI as per the requirements of the Companies Act, 2013, Insurance Act, 2013 and rules/ regulations made thereunder as amended from time to time.

Part B

Remuneration to Directors, Key Managerial Personnel and other Employees

1. Remuneration to Chairman, Non- Executive/ Independent Directors:

- a) Subject to the provisions of the Act, the Board, on the recommendations of the N&R Committee may review and approve the remuneration payable to the Non-Executive Directors (NEDs) of the Company, within the overall limits approved by the Shareholders. The total Remuneration, however, shall not exceed Rupees Thirty Lakhs per annum for each NED.
- b) Non- Executive Directors shall be entitled to sitting fees and reimbursement of their expenses for attending the meetings of the Board and the Committees thereof in

accordance with the provisions of the Act and such sitting fee shall not be included for the purpose of computation of remuneration.

- c) In addition to above-mentioned, the Non-Executive Chairman shall also be eligible for a Remuneration in the form of monthly honorarium in lieu of his services to the Board and the Company, as may be determined by the Board/Shareholders, from time to time, subject to necessary approval of the IRDAI.
- d) The Non- Executive Directors shall not be eligible for any share-linked benefits.

2. Remuneration to MD/ CEO/ WTD & Other KMPs

- a) The Whole-time Directors and MD &CEO are appointed on contractual basis for a fixed tenure as approved by the IRDAI. Subject to the conditions provided in the CG Regulations & Guidelines, these contracts are renewable upon expiry of the tenure, on recommendations of the N&R Committee/ Board and approval of IRDAI and Shareholders.
- b) The Remuneration payable to MD/CEO/WTD shall be recommended and approved by the N&R Committee and the Board respectively, subject to the approval of the IRDAI as per Section 34A of the Insurance Act, 1938, as amended, and the Shareholders of the Company under the provisions of the Companies Act, 2013. However, the Remuneration payable to KMPs other than MD/CEO/WTD shall be reviewed/ recommended by the N&R Committee and such Remuneration shall be subject to the approval of the Board of Directors of the Company.
- c) The structure of Remuneration payable to MD/CEO/WTD and other KMPs shall consist of following elements:
 - i. Fixed Pay including Basic pay, allowances, perquisites, contribution towards superannuation/ retirement benefits and all other fixed items of compensation;
 - ii. Variable Pay including incentives, bonus, share linked instruments, etc.
- d) Fixed Pay - while recommending the Remuneration of a KMP, N&R Committee shall ensure that the fixed portion of Remuneration shall be reasonable and may be determined after taking into account all the relevant factors including adherence to statutory requirements;
- e) Variable Pay-
 - i. Variable pay/incentives shall be performance based and the KMPs shall be assessed on the basis of certain prescribed minimum parameters, such as Overall Financial Soundness (Net-worth, solvency, Asset under Management, Net Profit etc.), Compliance with EOM Regulations, Claim Efficiency, improvement in Grievance Redressal, Renewal Ratio, Compliance status, Reduction of unclaimed amount of Policyholders etc.
 - ii. In case of MD/CEO/WTDs, a minimum 60% weightage be given for prescribed parameters, whereas in case of other KMPs minimum 30% weightage be given for relevant prescribed parameters, as mentioned above.
 - iii. Variable Pay shall be paid to the KMPs only once during a financial year, as per the Variable Pay Scheme(s).
 - iv. Variable Pay Scheme(s) for the MD & CEO, WTD and other KMPs shall be approved by the Board of Directors on the recommendations of the N&R Committee and shall contain the Performance Assessment Matrix consisting of KRA/KPI parameters, targets, weightage for each of the parameter etc.

- v. A KMP shall be eligible for a Variable Pay equivalent to 50% of his/ her Fixed pay for the corresponding period, hereinafter referred as 'Eligible Variable Pay'. The Eligible Variable Pay shall be further divided into:
 - Eligible Cash Variable Pay, representing 50% of the total Eligible Variable Pay; and
 - Eligible Share Linked Variable Pay, representing 50% of the total Eligible Variable Pay. Eligible Share Linked Variable Pay shall be converted into CSAR units on the basis of the latest available fair value of equity shares as certified by a Category 1 Merchant Banker registered with SEBI, as per following formula:

$$50\% \text{ of Eligible Variable Pay} / (\text{Fair Value of Share Price} - \text{Strike Price equal to face value})$$
- vi. Variable pay earned by a KMP shall be determined, on the basis of achievements of the KPI/KRA targets as specified in the Board approved Variable Pay Scheme, hereinafter referred as 'Earned Variable Pay'. Determination of Earned Variable Pay shall be made at the end of the Financial Year on or after approval of the Financial Statements by the Board of Directors.
- vii. At the end of the Financial Year and after approval of the Financial Statements by the Board of Directors, Earned Variable Pay shall be determined, which shall consist of:
 - a. Earned Cash Variable Pay, which shall be arrived after multiplying the KPI achievement Score % to the Eligible Cash Variable Pay.
i.e. Earned Cash Variable Pay = Eligible Cash Variable Pay x KPI Achievement Score%;
 - b. Earned CSAR Units, which shall be determined by multiplying the KPI achievement Score % to the Eligible CSAR units
i.e. Earned CSAR units = Eligible CSAR units x KPI Achievement Score%;
- viii. Earned Cash Variable Pay upto Rs. 25 Lakhs shall vest and paid to the KMP immediately after determination. However, any Earned Cash Variable Pay in excess of Rs. 25 Lakhs shall be deferred for a vesting period of 3 years with equal vesting in each of the three years.
- ix. Deferment of Earned Share Linked Variable Pay:
 - Earned Share Linked Variable Pay in the form of CSAR units must invariably be under deferral arrangement with deferral period of 3 years;
 - The first vesting of deferred CSAR units will accrue after one year from the commencement of the deferral period.
 - Vesting shall be no faster than on a pro rata basis and will not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex-post adjustments;
- x. Vested Cash Variable Pay and Vested CSARs shall be settled within 30 days from the date of Annual General Meeting (AGM) in which the accounts for the financial year ending 31st March are adopted.
- xi. Variable Pay in case of Resignation/Retirement/ Death/ Permanent incapacity of a KMPs
 - (a) Resignation:

In case if a KMP resigns from the services of the Company during a year or any time before the determination of the Earned Variable Pay for that year, then he/she shall not be eligible to any variable pay for that year; and his/ her Unvested Cash Variable Pay and Unvested CSAR units for earlier years shall be cancelled. Treatment of Vested CSAR units shall be as per the CSAR Scheme and the Vested Cash Variable Pay shall be settled as part of the full and final settlement.

(b) Retirement/ Superannuation/ Death or disengagement due to permanent incapacity:

In case of Retirement/ Superannuation/ Death or disengagement due to permanent incapacity of a KMP during a year, he/she or his/her nominee or legal heir(s), as the case may be, shall be eligible for prorated Variable Pay for the period served during the year, as under:

- (a) Earned Cash Variable Pay shall be paid to the KMP on retirement / superannuation or disengagement due to permanent incapacity within 30 days from the determination of Earned Variable Pay. In case of death of a KMP, the Earned Cash Variable Pay shall be paid to his/her nominee or legal heirs, as the case may be, within 30 days from the determination of Earned Variable Pay.
- (b) Earned Share Linked Variable Pay (CSAR units) shall be deemed to be immediately fully vested on the date of Retirement / Superannuation / Death or disengagement due to permanent incapacity and shall not be deferred. However, the determination of such Earned Share Linked Variable Pay (CSAR units) shall be done at the end of the Financial Year on or after approval of the Financial Statements by the Board of Directors on the basis of achievements of the KPI/KRA targets for the ongoing year. The settlement of such vested CSAR units shall be as per the CSAR Scheme of the Company.

Further, in case of Retirement/ Superannuation/ Death or disengagement due to permanent incapacity of a KMP, unvested cash variable pay and CSAR units for earlier years shall be deemed to be vested on the date of Retirement/ Superannuation/ Death or disengagement due to permanent incapacity. Such vested cash variable pay shall be settled as part of the full and final settlement. Treatment of Vested and deemed to be vested CSAR units in this case shall be as per the CSAR Scheme of the Company.

- In case of re-appointment on retirement, the deferred pay due at the time of retirement (i.e., prior to re-appointment) shall be paid only for the respective years to which it is originally deferred;
- In case of termination from the services as per the directives of court / tribunal / other competent Authorities, or termination by the insurer in case of fraud/criminal offences etc., the deferred pay shall be forfeited and shall be subject to Claw back provisions.

xii. Variable Pay in case of change of a KMP during the year:

- An employee who becomes KMP during a financial year (including new joiner), the Eligible Variable Pay shall be worked at the time of becoming the KMP / date of joining and shall be proportionately adjusted basis the time period for which the employee is KMP during the ongoing financial year.
- An employee who is KMP for a part of the financial year but ceases to be a KMP during that financial year whilst still being in employment shall be eligible for Earned Variable Pay. The Earned Variable Pay in this case shall be proportionately adjusted basis the time period for which the employee is KMP during the relevant financial year.

xiii. **Malus & Clawback:**

- The Variable Pay shall be subject to Malus and Clawback.
- A Malus arrangement allows the Company to prevent vesting of all or part of amount of deferred remuneration. However, Malus arrangement does not reverse the vesting after it has already occurred.
- The Board of Directors may, on the recommendations of the N&R Committee, invoke the operation of Malus for the unvested portion of the deferred variable pay of the KMP(s) including MD/CEO/WTB, as under:
if in any financial year during the deferral period, there is a substantial deterioration (i.e. 25% or more) in the achievement of defined KRA/KPI of a KMP, then the unvested/unpaid portion of deferred Variable Pay of the earlier year(s) shall be reduced to the extent of deterioration in the achievement of defined parameters for that financial year”
- Under claw-back provisions, on the other hand, the Company may ask the KMP(s) to return previously paid or vested variable remuneration.
- The Board of Directors on the recommendations of the N&R Committee may invoke the Claw-back provisions against a KMP including MD/CEO/WTB, under following circumstances:
 - Gross Negligence
 - Breach of Integrity
 - Materially inaccurate financial statements due to the result of misconduct including fraud
 - Poor compliance in respect of corporate governance and regulatory matters etc.
- Malus and Clawback shall be incorporated in the employment contract of every KMP including MD/CEO/WTB.
The Malus and Clawback provisions may be invoked for a period covering at least deferral period.

xiv. **Accounting of Deferred Variable Pay:**

The Liability of deferred Remuneration shall be treated in the Books of Accounts as per the provisions of Clause 9.5 of the CG Regulations & Guidelines.

- xv. In case the total Expense of Management of the Company in any financial year exceeds the projected expenses of management specified in Board approved Business Plan for that financial year by more than 10%, then, no variable pay shall be payable to MD/, CEO /WTB and KMPs for that financial year.

- f) While recommending the remuneration, the N&R Committee shall be guided by the following principles:
- The N&R shall not recommend any revision in the salary of MD/ CEO / WTD before the expiry of one year from the earlier approval given by IRDAI.
 - Joining/Sign on bonus (if any) shall be a one-time bonus only for new personnel and be limited to the first year of employment, such bonus will not be considered as a part of fixed or Variable Pay.
 - Guaranteed Bonuses are inconsistent with sound risk management or pay for performance principle and hence shall not be part of remuneration plan
 - Company shall not grant Severance Pay other than accrued benefits like gratuity etc. to KMPs, except in cases where it is mandatory under any applicable law. Further, Severance Pay does not include notice period pay.
- g) The KMPs, who are on deputation from IFFCO, the remuneration structure of those KMPs, shall be governed by the remuneration / salary structure of the parent organization.

3. Directors and Officers Liability Insurance:

- a) The Company shall take a Directors and Officers Liability Insurance (D&O) Policy from an Insurer (other than the Company) offering such products;
- b) All the Non-Executive Directors including Independent Directors and KMPs shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.
- c) Any premium paid by the Company on such policy shall not be part of the remuneration;

4. Remuneration to Other Employees:

- a) All Employees including KMPs shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.
- b) The Remuneration Package of Employees of the Company shall normally comprise of Basic Pay, House Rent Allowance, Grade Allowances, Leave Travel Allowances and other allowances, Perquisites, Variable Performance Incentive, Retiral Benefits including contribution to Provident Fund, Gratuity and other Benefits.
- c) The Remuneration Package for the Employees under each grade shall be determined and reviewed with the approval of the N& R Committee/ Board.

5. Disclosure Requirements:

- (a) As required under the relevant provisions of the Act as well as the requirements of the IRDAI's CG Regulations & Guidelines, and Remuneration of NEDs and KMPs, appropriate disclosures with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees shall be made in the notes to the accounts forming part of the Annual Report of the Company.
- (b) In addition to the above, disclosures regarding Remuneration to each Non-Executive Director/ Independent Director and Qualitative & Quantitative Disclosure with respect to Remuneration paid to CEO/ WTD/ MD, shall be made as provided in the Guideline.

6. Regulatory Compliance

The Company shall prepare and submit Annual Disclosure to the IRDAI by 30th June every year in the formats prescribed under the IRDAI's Remuneration Guidelines duly signed by the CFO of the Company.

Part C:
Evaluation of Performance of the Board, its Committees, and Directors

Process and Procedure for Evaluation of Performance

1. Annual Evaluation by Independent Directors under Schedule IV to the Act:

- (a) Independent Directors are duty-bound to evaluate the performance of non-independent directors and the Board as a whole. The Independent Directors of the Company shall hold at least one meeting in a year without the attendance of non-independent directors and members of management.
- (b) The minutes of the meetings and the documents with respect to performance evaluation shall be kept with the Company Secretary.
- (c) The Independent Directors in their separate meetings shall annually:
 - (i) review the performance of non-independent Directors and the Board as a whole;
 - (ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.
 - (iii) assess the quality, quantity and timeliness of the flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2. Annual Evaluation of Performance under section 178(2) read with Section 134(3)(p) of the Act:

- (a) Annual Evaluation of the Performance of Company's Board, its Committees and individual Directors will be carried out under the supervision of the N&R Committee.
- (b) N&R Committee will finalise the evaluation/ feedback forms containing objective criteria/ parameters for evaluation of each category of Directors viz. Non-Executive Directors, Executive/ Whole-time Directors including Managing Director and Independent Directors etc. Similarly, Evaluation/feedback forms would be developed for the evaluation of performance of the Board and its Committees.
For this purpose, Committees shall mean the Committees of the Board constituted in accordance with the provisions of the Act.
- (c) Evaluation/feedback forms will be circulated among all the Directors for their feedback/ evaluation.
- (d) Each Director would assess and evaluate the performance against each parameter given in the feedback form and will submit the same to the Chairman of the N&R Committee within the timelines stipulated for this purpose.
- (e) Chairman of the N&R Committee shall with the help of the Company Secretary collate the feedbacks received from all Directors and prepare an Annual Evaluation Report which will be discussed/ considered by the N&R Committee.
- (f) N&R Committee will review the implementation of Annual Evaluation Process and its compliance.

3. Reporting & Confidentiality

- (a) Evaluation Report as prepared by the Independent Directors shall be submitted to the N&R Committee.
- (b) Chairman of the N&R Committee will share the findings of the Evaluation Process with the Board of Directors collectively in the Board Meeting or if required individually with the concerned Director.
- (c) Evaluation Report prepared by the Chairman of the N&R Committee shall be submitted to the Chairman of the Board who may on his own discretion share the same with the concerned Director, Committee or Board as a whole.
- (d) Evaluation Report and Ratings may be used by the N&R Committee/ Board as a criterion for recommending the appointment/ re-appointment of any Director to the Board / Shareholders.
- (e) The results of performance evaluation shall be kept strictly confidential until and unless any regulatory authority directs for disclosure of the same.

4. Disclosure

In accordance with the requirement of Section 134(3)(p) of the Act, a statement indicating the manner in which formal annual evaluation of the performance of the Board, its Committees, and of individual directors has been made, will be included in the Board Report.