

IFFCO TOKIO General Insurance Co. Limited

Remuneration Policy for Directors, Key Managerial Personnel and other Employees

1. Scope and Objectives:

This Remuneration Policy of the Company provides a framework and sets out the guiding principles for the Nomination and Remuneration Committee (the "N&R Committee") for recommending to the Board the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees of the IFFCO TOKIO General Insurance Co. Ltd. (the "Company").

The primary objectives of this Policy are as under:

- a) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, at all levels, the quality talent required to run the company successfully.
- a) To ensure that relationship of remuneration to performance is clear and meets the performance benchmarks.
- b) To ensure that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

2. Definitions:

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

- a. **"Director"** Means a director appointed to the Board of the Company.
- b. **"Key managerial Personnel"** or **"KMP"** means members of the core management team of the Company including all Whole Time Directors, Managing Director/CEO, and the functional heads one level below the MD/CEO, including the CFO, Appointed Actuary, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer and the Company Secretary
- c. **"Nomination and Remuneration Committee"** or **"N&R Committee"** means the committee constituted by Company's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Corporate Governance Guidelines of Insurance Regulatory and Development Authority of India (IRDAI).

3. Remuneration to Non Executive/ Independent Directors:

- a) Subject to the overall limit as prescribed in the Companies Act, 2013 and rules made thereunder, as amended from time to time, the Board, on the recommendations of the N & R Committee shall review and approve the remuneration payable to the Non Executive Directors of the Company within the overall limits approved by the Shareholders.

- b) Non- Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.
- c) All the Non Executive/ Independent Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.
- d) The Independent Directors shall not be eligible for the Stock Options, if any.

4. Remuneration to Executive/ Whole-time Directors and Managing Director & CEO

- a) The Whole-time Directors and MD &CEO are appointed on contractual basis for a fixed tenure as approved by the IRDAI and the Shareholders and such contracts are renewable upon expiry of the tenure subject to recommendations by the N&R Committee/ Board and approval of IRDAI and Shareholders.
- b) The Remuneration payable to Executive/ Whole-time Directors including MD & CEO shall be approved and recommended by the N&R Committee subject to the approval of IRDAI under the provisions of Section 34A of the Insurance Act, 1938, as amended and the Shareholders of the Company under the provision of the Companies Act, 2013.
- c) The Remuneration payable to Executive/ Whole-time Directors including MD & CEO may include Basic Pay, House Rent Allowance, Grade Allowance, Perquisites, Variable Pay (Performance Based Incentives), and other Allowances/ elements/ benefits as may be approved by the N&R Committee from time to time. They may also be eligible for the Stock Options as per the Scheme framed by the Company from time to time
- (ca) While determining or reviewing the remuneration for a MD/CEO/WTD, it should be ensured that :
 - (i) Remuneration is adjusted for all type of risk,
 - (ii) Remuneration outcomes are symmetric with the risk outcomes,
 - (iii) Remuneration payouts are sensitive to the time horizon of the risk
 - (iv) The mix of cash, equity and other forms of remuneration must be consistent with risk alignment
 - (v) Risk adjustment parameters e.g. Persistency, Solvency, Grievance Redressal, Expenses of Management, Claim Settlement, Claim Repudiations, overall compliance status, Overall financial position including Net worth, Asset under Management (AUM) etc. have been taken into account:
 - (vi) The fixed portion of remuneration is reasonable and there is a proper balance between the fixed pay and variable pay. At higher level of responsibility, the proportion of variable may be higher

- (vii) In case where variable pay is substantial i.e. 50% or more of total pay, then the appropriate portion of such variable pay (i.e. 40% to 60%) must be deferred over a period not less than 3 years and will be subject to claw back in the event of any negative trend in risk adjustment parameters.
- d) Executive/ Whole-time Directors including MD & CEO shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

5. Remuneration to Key Managerial Personnel (other than MD & CEO and Whole time Directors)

- a) The Key Components of Remuneration Package of KMPs shall comprise of Basic Pay, House Rent Allowance, Grade Allowance, Leave Travel Allowances and other allowances, Perquisites, Variable Performance Incentive, Retiral Benefits including contribution to Provident Fund, Gratuity and other Benefits. They may also be eligible for the Stock Options as per the Scheme framed by the Company from time to time.
- b) The Board, on the recommendation of the N&R Committee, shall review and approve the Remuneration Package for the KMPs of the Company.
- c) KMPs shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

6. Remuneration to Other Employees:

- a) Employees 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) Remuneration Package of Employees of the Company shall normally comprised of the 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) Remuneration Package for the Employees under each grade shall be determined and reviewed with the approval of the Board/ Committee.

7. Disclosure in the Board's Report:

As required under the relevant provisions of the Companies Act, 2013, and the rules made there under as well as the requirements of the IRDAI's Guidelines on Corporate Governance, appropriate disclosures with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees shall be made in the Board's Report of the Company.

8. 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 Companies Act, 2013 and rules made there under, the IRDAI Regulations and Guidelines, the Insurance Act 1938 and rules/regulations/ guidelines made there under, the Memorandum and Articles of Association of the Corporation or as may be otherwise prescribed by the Board from time to time.
- (aa) 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.
- b) The N&R Committee may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.
