



# IDFC FIRST Bharat Limited

## Remuneration Policy for other employees

Version : 1.4

## A. Objectives of Remuneration Policy

The primary objective of this Remuneration Policy is to provide a framework for the remuneration of all employees (including risk-takers) except for the Whole Time / Executive Directors, Non-executive / Independent Directors, Key Managerial Personnel and Senior Management Personnel of IDFC FIRST Bharat Ltd.

## B. Principles for Remuneration

The principles for remuneration at IDFC FIRST Bharat Limited are guided by the organization's philosophy for driving employee performance to achieve the organizations short term and long term objectives, balanced with prudent risk taking and are in compliance with the applicable acts on Compensation of Risk takers and Control function staff, etc. The principles are as follows:

- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent, maintaining the balance between market competitiveness and internal alignment.
- To ensure that the remuneration is balanced between fixed pay, variable pay and ESOPs (of IDFC FIRST Bank as approved by the Bank)), with adequate focus on prudent risk taking and the short-term as well as the long-term objectives of the company and its shareholders.
- To ensure a clear relationship between remuneration and performance with adequate focus on achievement of performance objectives incorporating elements of risk, compliance and service measures
- To respect employee needs basis relevant market anchors and to compensate adequately for the effort towards the company's growth.

## C. Components of Remuneration

For categories of staff other than WTD/CEO, company to devise appropriate compensation structure and may adopt principles similar to the principles enunciated for WTD/CEO as appropriate.

### 1. Fixed Pay

The fixed pay will be benchmarked primarily to the Indian financial sector companies of equal portfolio. The Nomination and Remuneration Committee will determine the competitive position that the Company must be placed at in terms of compensation from time to time, bearing in mind the need to attract, retain and motivate good talent.

Any annual increments will be linked to company's performance and their individual performance, as decided by the Managing Director & CEO and the concern departmental heads, under the guidance of the Nomination and Remuneration Committee.

### 2. Variable Pay

The company will follow a total compensation philosophy comprising of fixed pay and variable pay, as approved by the Nomination and Remuneration Committee of the company. The variable pay will be in the form of annual performance bonus and/or incentive plans linked to the achievement of performance.

Any annual performance bonus will be determined based on Company, Business unit and individual performance and other evaluation criteria and is not an entitlement. The Annual Performance bonus will also consider Indian financial sector company's benchmarks when determining the total compensation of the individual. However, to ensure no conflict of interest and to enable effective independence and appropriate authority of members of staff engaged in financial and risk control functions, their performance bonus will be independent of the business areas they oversee. The mix of fixed and variable compensation for control function personnel will be in the favour of a higher fixed compensation component.

Certain roles may adopt a score card/point approach on incentive plan linked to the performance

of the employee and/or unit. This may encompass relevant parameters for the role which are in compliance with the regulatory guidelines. To ensure no conflict of interest, effective independence and appropriate authority of staff engaged in financial and risk control functions, none of these staff will be covered under such incentive plans.

### **3. Statutory Bonus**

The requisite Statutory Bonus will be paid, as mandated by Law, to employees who are covered under the respective statute.

### **4. Other components of remuneration**

Other components of remuneration may include Joining/Sign-on and /or indicative Target bonus for the first financial year of joining. These components can be in the form of ESOPs (of IDFC FIRST Bank) and/or cash, would become applicable only in the context of hiring new staff and would be limited to the first financial year of the employment. All ESOPs will be governed by the IDFC FIRST Bank Employee Stock Option scheme, in compliance with SEBI guidelines and / or any other applicable regulations.

- Joining/Sign-on bonus (paid at the time of joining) is offered for resettlement of dues with the previous employer and may be committed to a new hire to compensate for a one-time loss in income. This may include the loss of performance bonus for the year completed, ESOP loss and/or buyout of clawbacks with the previous employer. Joining/Sign-on bonus, if paid in cash, may be subject to a one year clawback clause.
- To attract the right talent, it would be required to give a comparative view of the compensation earned with the previous employer and the earning potential at IDFC in the first year. To meet this requirement, indicative Target bonus for the first financial year (which depends on the performance delivered and is paid at the end of the current financial year) may be communicated to the new hire in the form of total compensation comprising of the fixed pay offered and the performance bonus applicable for the role and grade. This would be subject to the delivery against a minimum level of performance objectives agreed and continued employment of the new hire as on the date of payment/grant.

### **5. Employee Stock Options**

ESOPs may be awarded to ensure a long-term commitment and prudent decision-making aligning employee's interests with the shareholder's interests.

All ESOPs will be governed basis the Employee Stock Option Scheme of IDFC FIRST Bank in compliance with SEBI guidelines and / or any other applicable regulations. ESOP grants are not an entitlement and are granted based on management discretion and other criteria such as performance of the Company, Business Unit and the Individual.

### **6. Severance Pay**

The Company grants Severance Pay (other than accrued benefits in the form of Provident Fund, Gratuity, NPS or Superannuation) based on the decision taken by the management. and in cases where it is mandated by any statute.

### **7. Retiral benefits, allowances, perquisites and other benefits**

Retiral benefits include Provident fund, Gratuity, NPS and Superannuation payable as per the rules of the Company. Allowances, perquisites and other benefits will be applicable as per the Company policy.

## **D. Disclosures in the Board's Report**

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made thereunder shall be made with regard to the employee remuneration.

## **E. Policy Review**

This Policy shall be reviewed, as and when required. Any amendment to this Policy as per change in law or otherwise shall be made by the Managing Director & CEO, which shall be ratified at the next meeting of the NRC & Board held after such change.