

**IndiaFirst Life Insurance Company Limited  
 Nomination and Remuneration Policy**

<b>Version</b>	<b>Date of Meeting</b>	<b>Approved by</b>	<b>Remarks/Summary of Changes</b>
1	November 08, 2016	Board of Directors	Meeting of the Board of Directors held on November 08, 2016
2	May 08, 2018	Board of Directors	Revision in Director's sitting fees
3	February 02, 2021	Board of Directors	<ul style="list-style-type: none"> <li>• Incorporated section providing overview on Documentation Control and Classification.</li> <li>• Separate Clause on Scope added for completeness of policy.</li> <li>• Changes made in sub point on Severance Pay in line with IRDAI guidelines dated August 05, 2016.</li> <li>• Changes made in Clause no. 5 on Accounting and Disclosure as per applicable guidelines and provisions.</li> <li>• Incorporated Clause no. 6 on Review of the Policy.</li> <li>• Incorporated Clause no. 7 on Appendix</li> <li>• Increase in sitting fees paid to Board of Directors</li> </ul>

**Document Control and Classification:**

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Chief People Officer 09-Sep-20	Nomination and Renumeration Committee	Board of Director  October 18, 2022

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## 1. Introduction

IRDAI (Authority) has issued the Guidelines on Remuneration of Non- Executive Directors and Managing Director / Chief Executive Officer / Whole-time Directors of Insurers vide IRDA/F&A/GDL/LSTD/155/08/2016 dated August 05, 2016.

The Authority in exercise of its powers under Section 14 of the IRDA Act, 1999 prescribes the Guidelines with the circular on Remuneration of Non- Executive Directors and Managing Director / Chief Executive Officer / Whole-time Directors.

The Guidelines shall be effective from October 01, 2016 or from the date of appointment of Non- Executive Directors and Managing Director / Chief Executive Officer / Whole-time Directors whichever is later.

As per the Guidelines the company need to:

1. Adopt a comprehensive remuneration policy for Non-Executive Directors (NED's).
2. Adopt a comprehensive remuneration policy for Managing Director (MD) / Chief Executive Officer (CEO) / Whole-time Directors (WTDs).

The compensation paid to the MD/CEO and Whole Time Directors (WTDs) is to be in line with the guidelines prescribed by the authority vide circular dated August 05,2016 on remuneration for Non-Executive Directors and MD/CEO. The compensation paid has to be approved by the Board of Directors based on recommendations put forward by the Nomination & Remuneration Committee (NRC).

The Remuneration policy comes into existence pursuant to IRDAI Guidelines on Remuneration of Non- Executive Directors and Managing Director / Chief Executive Officer / Whole-time Directors of Insurers vide IRDA/F&A/GDL/LSTD/155/08/2016 dated August 05, 2016.The Policy has been approved by Board of Directors of the IndiaFirst Life Insurance Company Limited ('The Company') as required by the guidelines.

## 2. Scope

The policy applies to all Non-Executive Directors and Managing Director/Chief Executive Officer / Whole-time Directors of the Company and it is effective from October 01 2016

## 3. Policy For Non-Executive Directors Remuneration

Currently the Non-Executive Directors are not eligible for any remuneration and the recommendation is to continue the same till further review.

### **Sitting Fees and reimbursement of expenses:**

The sitting fees payable and reimbursement of expenses for the Board and Committee Meetings are as follows:

Nature of Meeting	Current Fees and Reimbursement of expenses
Board	Rs. 1,00,000/- per meeting. Actual expenses for Air Fare, Hotel Costs and Local Conveyance.
Committee	Rs. 60,000/- per meeting. Actual expenses for Air Fare, Hotel Costs and Local Conveyance.

The sitting fees for the shareholders' nominee directors are paid to the shareholders.

#### 4. Policy for MD/CEO and Whole time Directors

##### 4.1 Objectives & Principles:

The overall objectives for laying down a Remuneration policy for MD / CEO and WTDs are as follows:

- To offer compensation systems that make it possible to attract, retain and motivate the most outstanding professionals in order to enable the company to attain its strategic objectives and sustainable growth within the increasingly competitive context in which it operates;

Further, the remuneration system would be in line with the various regulatory frameworks existing in the insurance environment. Also, going forward, the remuneration system for MD & CEO and WTDs would be aligned to the IRDA's guidelines for sound remuneration practices (effective FY 2016-17) and would address the general principles of:

1. Remuneration covers for all types of risk;
2. Remuneration outcomes are symmetric with risk outcomes;
3. Remuneration pay-outs are sensitive to the time horizon of the risk;
4. The mix of Cash, Equity and other forms of remuneration must be consistent with risk alignment.

Accordingly, the Remuneration Policy for MD & CEO and WTDs seeks to:

1. Ensure the policy formulated by Board of Directors, in consultation with its Nomination and Remuneration Committee is in line with the provisions of Companies act 2013.
2. Ensure the remuneration is adjusted for all types of Risks.
3. Ensure the mix of cash, equity and other forms of remuneration are consistent with risk alignment.
4. Ensure that the remuneration, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer Insurance companies.
5. Establish the linkage of remuneration with individual performance as well as achievement of the company objectives.
6. Include a significant variable pay component tied to the achievement of pre-established objectives in line with company's achievement while also ensuring that the remuneration is aligned with prudent risk taking.
7. Encourage attainment of long-term shareholder returns through inclusion of long-term incentives as part of overall remuneration framework.

## **4.2 Our Approach:**

### **Components of Remuneration for MD / CEO and WTDs:**

For aligning risk to Remuneration, only Fixed pay, Retirals, Insurance Benefits, Perquisites, Variable Pay & LTIPs are considered and ESOPs (if any) will not be considered as a part of the remuneration computation.

The salary structure will constitute of the following heads:

#### **Fixed Pay:**

1. Basic Salary
2. Allowances, which includes:
  - Housing Rent Allowance
  - Medical, LTA, Allowances for Car, Special Allowance & any other allowances as defined.

#### **Retiral Benefits**

1. PF - 12% of Basic Salary
2. Gratuity - As per the rules.

#### **Insurance Benefits**

1. Group Term Life cover as per the company policy
2. Group Personal Accident cover as per the company policy
3. Group Mediclaim cover as per the company policy

#### **Perquisites**

It is proposed to have a full cash out structure with the exception being club membership to be included as a perquisite at a future date.

#### **Variable Pay & Long-Term Incentives Plan (LTIP):**

Relevant risk measures will be included in scorecards to enable taking a decision on grant of Variable Pay / Long Term Incentive Plan.

Other parameters for consideration would be as under:

1. Percentage of variable pay for the MD / CEO & WTDs to be capped at 50% of fixed pay.
2. Percentage of the grant of Long-Term incentive for the MD / CEO & WTDs to be capped at 70% of fixed pay and to be deferred over a period of 3 years to 5 years to be inbuilt in the plan.
3. The deterioration in the financial performance of the Insurer may lead to a contraction in the total amount of Variable remuneration including LTIP.
4. Deferred LTIP (unvested/unpaid portions) would be subject to clawback as per the process defined by the company in case of negative contributions or misrepresentation.
5. The Claw back system shall be driven by observable and verifiable measures of risk outcomes.

### **ESOPS:**

ESOPS are kept outside the purview of this policy.

### **Sweat Equity:**

In case the shares of the company are issued as Sweat Equity then the same will be governed by the provisions of Sweat Equity Regulations issued by SEBI.

### **4.3 Remuneration Revision Cycle**

The MD / CEO and WTDs will be eligible for annual revision in remuneration subject to approval obtained from the Nomination & Remuneration committee & Board.

Revision in remuneration would be based on the following:

- Yearly increment guidelines specified by the company;
- Benchmarking with peer companies & Market corrections if required.

No revision in the remuneration shall be permitted till the expiry of one year from the effective date of previous revision.

No remuneration shall be paid to MD / CEO and WTDs by any of the promoter/investor or by group companies of the promoters'/investors' companies.

### **4.4 Other Principles**

#### **Guaranteed Bonus:**

Guaranteed bonuses are not part of compensation plan for MD/ CEO & WTDs. Joining / sign on bonus may be granted only in the context of hiring and will be limited to the first year of Joining.

#### **Severance Pay:**

No severance pays to be granted other than accrued benefits (gratuity, pension, LTIP, etc.) to MD/ CEO & WTDs without prior approval of the Board or except in cases where it is mandatory by any statute. Further, Severance pay shall not include notice period pay.

## **5. Accounting and Disclosure**

The company would adhere to the guidelines issued by IRDAI dated August 05, 2016 on disclosure and engagement by stakeholders in the annual report both on the Qualitative and Quantitative disclosures as applicable and other relevant provisions of the company Act 2013. The amount of remuneration paid for the financial year to be disclosed with all components of the remuneration.

In case the annual remuneration of the MD & CEO / WTD exceeds Rs. 1.50 crore (including all perquisites plus bonuses etc., by whatsoever names) shall be borne by the shareholders' account.

If any director draws or receives, directly or indirectly by way of remuneration any such sums

in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by Company by special resolution within 2 years from the date the sum becomes refundable.

## 6. Review of the Policy

The Remuneration policy will be reviewed and/or revised as and when required by the governing law. The revised policy will be placed to the Nomination and Remuneration Committee (NRC). The NRC will place the recommendations/changes in policy to the Board of Directors for final approval.

## 7. Appendix

Sr. No.	Abbreviation	Full Form
1	CEO	Chief Executive Officer
2	BOD	Board of Directors
3	NED	Non-Executive Directors
4	MD	Managing Director
5	WTD	Whole Time Directors
6	LTA	Leave Travel Allowance
7	LTIP	Long Term Incentive Plan
8	ESOP	Equity Shares Options Plans
9	SEBI	Securities Exchange Board of India
10	NRC	Nomination & Remuneration Committee
11	PF	Provident Fund

Last Board Approval Date: October 18, 2022

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