



REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

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1. Preamble

The Remuneration Policy for Directors and Senior Management (“Policy”) of India Mortgage Guarantee Corporation Private Limited (the “**Company**”) is aligned to the principles of good corporate governance.

The Policy is also aligned to the principles and objectives as mentioned under section 178 of the Companies Act 2013 and Companies (Meetings of Board and its Powers) Rules, 2014 and other laws applicable on the Company.

2. Objective

The objective of this policy is:

- To determine the remuneration framework based on the Company’s size and financial position and trends and practices on remuneration prevailing in the Industry.
- To ensure that remuneration is structured in a way that the Company can attract, retain and motivate employees of the quality required to run the company successfully.
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- To ensure that remuneration to Directors and senior management 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.

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the whole-time Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve whole-time Directors’ compensation based on this evaluation; making recommendations to the Board with respect to Senior Management’s compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

3. Applicability

This policy applies to the following categories:

- Board of Directors which includes Managing/Whole Time or Executive Directors and Non-Executive or Independent Directors.
- Senior Management of the Company for the purpose of this Policy means Persons defined under Section 2(51) of the Companies Act.

4. Appointment Criteria and Qualifications

i. **Board of Directors:-**

The Company should ensure that the Board is comprised of individuals who possess the skills, qualities and experience to collectively contribute to effective board governance. The Nomination Committee is responsible to assist the Board in identifying qualified individuals to become Board members. The detailed appointment criteria and qualifications for the Board of Directors are provided in the “**Policy on Fit and Proper Criteria for Directors**”.

ii. **Senior Management:-**

The Senior Management should comprise of individuals with an appropriate mix of skills, experience and personal attributes. The Senior Management should be adept and understand the business and

the environment in which Company operates and deliver on the Company objectives, goals and strategic direction.

The following qualifications are required for selection and recommendation of potential candidates as part of Senior Management to Nomination Committee, or the continued service of existing members or personnel's as the case may be:

- a. Appropriate level of experience and education.
- b. High Levels of Integrity.
- c. Ability to provide insights and practical wisdom based on their experience and expertise for the success of the Company;
- d. Display of specific competencies as defined.
- e. Compliance with legal and regulatory requirements.

5. Remuneration

Remuneration is determined based on the industry position, business performance, and macroeconomic conditions and is also benchmarked to companies in the insurance and fintech industry. Benchmarking is done with the help of reports generated by/through internationally recognized compensation/HR service consultancies and internal industry reports and other feasible means. The statutory payments such as provident fund, gratuity, etc. shall be paid in accordance with the applicable regulations. The perquisites and other benefits will be decided in accordance with the geographical area of operation and industry practices and shall be part of the overall remuneration framework as approved by Nomination Committee.

i. Board of Directors

A. Executive/Managing Director

The aim of this Policy is to ensure that Director is remunerated in a way that reflects the Company's long-term strategy. The Policy is designed in the context of competitive market trends and corporate governance best practices. The Remuneration framework of Executive of Directors are as under:

- a. Fixed Cash compensation (Basic Salary + Allowances + Retirals)
- b. Variable Incentive Compensation plan (VIC)
- c. Long-Term Incentive Plan (LTIP)
- d. Perks and Benefits

a. Fixed Cash Compensation

The Company's compensation structure includes a basic salary plus the pay components including, House Rent Allowance, Flexible compensation etc. Flexible compensation allows executive directors to choose allowances like Conveyance Allowance, Leave Travel Allowance (LTA), and Food Vouchers as per their eligibility.

The Company undertakes to provide retirement savings opportunities to eligible executive directors through the government-mandated Provident Fund and Gratuity.

b. Variable Incentive Component Plan:

The VIC component is a critical part of employee total compensation to drive performance based upon a balance of perspectives – shareholder, customer, and organizational. VIC plan is an annual payout plan.

c. Long-Term Incentive Plan:

The LTIP payout will be based upon the performance of the executive directors and the Company meeting its long-term objectives as established by the Board of Directors. Executive Directors must be on active payroll and in good standing at the time of the LTIP payment and not be serving your notice period. Any grant of LTIP and award payout by the Company is voluntary at the sole discretion of the Board of Directors.

d. Perks and Benefits

Executive Directors are eligible to participate in our broad-based health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles.

B. Non-Executive Director/ Independent Director

Independent Director(s) are paid remuneration by way of sitting fees within the prescribed regulatory ceiling and as may be decided by the Board. Other non-executive nominee directors are not paid any sitting fees as per the Shareholders Agreement of the Company.

Subject to the approval of the Board and the Shareholders, Non-Executive/Independent Director(s) may be paid profit-related commission within the regulatory limits. The Board may at its discretion, determine and pay differential profit-related commission to its Non-Executive/Independent Directors and/or may choose to pay such profit-related commission to only one, or some of its Non-Executive/ Independent Directors.

ii. Senior Management

The objective of remuneration to Senior Management is to attract, motivate and retain the qualified individuals that Company needs in order to achieve its strategic and operational objectives. The policy encourages a “pay for performance” culture. The remuneration to the members of Senior Management is considered and recommended by the Managing Director to the Nomination Committee for approval. While recommending remuneration, the Managing Director will consider the following:-

- a) The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate senior management and should be in line with the industry practice aimed at promoting the short-term and long-term interests and performance of the Company.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) Remuneration has a balance between Fixed, Variable Pay & Benefits reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

iii. Discretion

The Nomination Committee may adjust performance-based components of remuneration downwards (to zero if appropriate), in relation to persons or classes of persons, if those adjustments are necessary to:

- a. protect the financial soundness of the Company;

- b. respond to material examples of misconduct, risk events or failures to take accountability;
- c. reflect financial and non-financial risk-taking behavior or non-compliance with the risk management framework by employees; or
- d. to respond to significant unexpected or unintended consequences that were not foreseen by the Committee or the Board.

The Committee may exercise claw back of performance-based payments previously made, in order to reflect these objectives.

6. Performance Evaluation

i. Board of Directors

Performance Evaluation of all Directors will be done annually in accordance with the Company's performance evaluation procedure. Further details about the Board Evaluation procedure can be referred to in the "**Board Evaluation Policy**".

ii. Senior Management

The process undertaken by the Company in respect of the performance evaluation of members of the Senior Management comprises the following:

- The performance evaluation of members of the Senior Management is conducted by the Managing Director.
- During the performance review Managing Director considers their performance against the identified responsibilities and objectives.
- In reviewing and making recommendations on performance Managing Director may consider the performance of the executive and the Company performance of the relevant year.
- On the basis of the Managing Director's recommendation, the Nomination Committee approves the salary increments and Variable Pay of members of the Senior Management.

7. Website

This Policy shall also be posted on the website of the Company and the salient features of the Policy, and the web address of the Policy, shall be mentioned in the Board's Report.

8. Review of the Remuneration Policy

The Policy will be amended from time to time by the Board of Directors of the Company on the recommendation of the Nomination Committee. The Policy shall be automatically amended with the changes in any applicable law. The Policy shall also be reviewed annually by the Board of Directors of the Company.