

NIVA BUPA HEALTH INSURANCE COMPANY LIMITED

Nomination and Remuneration Policy

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NIVA BUPA HEALTH INSURANCE COMPANY LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

- 1.1 Niva Bupa Health Insurance Company Limited (“**the Company**” or “**Niva Bupa**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members and board of directors of the Company, key managerial personnel and other employees of the Company
- 1.2 This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act 2013, Part D of Schedule II of SEBI LODR Regulations, and based on the Corporate Governance Guidelines for Insurance Companies, the Guidelines on Remuneration of Directors and Key Managerial Persons of Insurers issued by Insurance Regulatory Development and Authority of India dated 30 June 2023 (herein referred as “**IRDAI Guidelines**”) and all other applicable provisions made thereunder, as amended from time to time.

2. PURPOSE

- 2.1 This Policy aims to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short- and long-term performance of the Company.
- 2.2 This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers/ competitive market to ensure that pay structure are appropriately aligned and involves a balance between Fixed and Variable pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

3. DEFINITIONS

- 3.1 “**Board**” means Board of Directors of the Company;
- 3.2 “**Companies Act**” means the Companies Act, 2013 and rules made thereunder, as amended from time to time;
- 3.3 “**Company**” or “**Niva Bupa**” means Niva Bupa Health Insurance Company Limited (formerly known as Max Bupa Health Insurance Company Limited);
- 3.4 “**Clawback**” means a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances;
- 3.5 “**Director**” means a director appointed to the Board of the Company;
- 3.6 “**Fixed Pay**” shall include basic pay, allowances, perquisites, contribution towards superannuation/ retirement benefits and all other fixed items of compensation;
- 3.7 “**IRDAI**” shall mean Insurance Regulatory and Development Authority of India;

- 3.8 **“IRDAI Guidelines”** means guidelines issued by IRDAI on Corporate Governance for insurance companies in relation to appointment/ re-appointment and remuneration of Whole-time Directors, Managing Directors, Chief Executive Officer, Non-Executive Directors and other Key Managerial Personnels of Insurers dated 30 June 2023, as amended from time to time;
- 3.9 **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act;
- 3.10 **“Key Managerial Personnel” or “KMP” or “Key Management Person”** as defined under Section 2(51) of the Companies Act and under IRDAI (Registration of Indian Insurance Companies) Regulations, 2022 read with Corporate Governance Guidelines for Insurance Companies issued by IRDAI means
- the chief Executive Officer or the managing director or the manager (as defined under the Companies Act);
 - the company secretary;
 - the whole-time director;
 - the chief financial officer;
 - such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - such other officer as may be prescribed;
 - The Key Management Person shall mean members of the core management team including all Whole-time Directors, Managing Directors, Chief Executive Officer, and the functional heads one level below Chief Executive Officer/ Managing Director, including the Chief Financial Officer, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer and the Company Secretary;
- 3.11 **“Malus”** means an arrangement that permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred;
- 3.12 **“Nomination and Remuneration Committee or “NRC”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act and Regulation 19 of the SEBI LODR Regulations
- 3.13 **“Remuneration”** means any money, or its equivalent given or passed to any person for services rendered by him / her and includes perquisites as defined under the Income-tax Act 1961;
- 3.14 **“Risk and Control functions staff”** means employees of the Company belonging to Risk, Internal Audit, Compliance, Secretarial and Actuarial;
- 3.15 **“SEBI LODR Regulations”** means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time;
- 3.16 **“Share Linked Instruments”** in relation to remuneration of KMP shall mean (i) employee stock option schemes; ii) employee stock purchase schemes; (iii) stock

appreciation rights schemes; and (iv) any other form of Long-Term Incentive which is settled in shares of the Company. *It is clarified that Share linked instruments where the ultimate payout is in cash, such as Cash Linked Stock Appreciation Rights (CSARs), Phantom Stocks, etc. shall be treated as cash Variable Pay; and*

- 3.17 **“Variable Pay”** shall include cash bonus/incentive and/or Share Linked Instruments given basis performance and includes measures of individual, unit / group/ Company performance. This is financial compensation over and above the fixed pay.

4. **CONSTITUTION OF THE COMMITTEE**

The Committee shall consist of a minimum of 3 (three) or more non-executive directors, out of which at least two-thirds shall be independent directors. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not chair such Committee.

5. **ROLE OF THE COMMITTEE**

- 5.1 The role of the Committee shall be –

- (a) To formulate the criteria for determining qualifications, positive attributes and independence of a directors.
- (b) To ensure compliance of the relevant provisions of the Companies Act and various other obligations as mentioned in the charter of the NRC as approved by the Board from time to time.
- (c) To identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and senior management positions in accordance with the criterial laid down in this Policy and as per IRDAI Guidelines, as amended from time to time.
- (d) To recommend to the Board, appointment and removal of Directors, KMP, senior management personnel and determine the appropriate size, diversity and composition of the Board;
- (e) To oversee and govern the compensation practices of the Company. The Committee in consultation with the Risk Management Committee shall make a coordinated effort to have an integrated approach to the formulation of remuneration policy. It shall ensure that:
 - Remuneration is adjusted for all types of risk
 - Remuneration outcomes are symmetric with risk outcomes
 - Remuneration payouts are sensitive to the time horizon of the risk, and
 - Mix of cash, equity and other forms of remuneration are consistent with risk alignment.
- (f) To ensure that the members of the Board/Committee are not placed in a position of actual and perceived conflict of interests with respect to remuneration. In case of any remuneration discussion/decision of directors and/or KMP, it shall be ensured that the concerned director and/or KMP shall not participate in the discussion/voting of such resolution. The Committee to ensure and constitute processes to identify and eliminate any potential conflict of interest from time to time.

- (g) The criteria and policy on remuneration are subject to review by the Committee and the Board of the Company annually.
- (h) To formulate criteria for evaluation of Independent Directors and the Board.
- (i) To fix the terms and conditions, including remuneration and annual increments of the Key Managerial Personnel and senior management.
- (j) To specify manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the board or NRC or external agency and review its implementation and compliance.
- (k) To ensure succession planning for the senior management positions through a process of proper identification and nurturing of individuals for taking over senior management positions.
- (l) To scrutinize the declarations of intending applicants before the appointment/reappointment/election of directors by the shareholders at the General Meetings. The Committee shall also scrutinize the applications and details submitted by the aspirants for appointment as the KMPs and senior management positions.
- (m) To make independent/discreet references, where necessary, well in time to verify the accuracy of the information furnished by the applicant.
- (n) To perform such other functions as may be prescribed under the Companies Act, IRDAI Guidelines or any other applicable law, in force, as amended from time to time, or as may be delegated by the Board from time to time.

6. APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNELS

- 6.1 The Committee shall identify and ascertain the integrity, qualification, expertise, skills, knowledge and experience of the person being appointed as Director, KMP and senior management person and recommend his / her appointment to the Board.
- 6.2 A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- 6.3 Before appointment of a person as a KMP, the Committee shall carry out due diligence to ensure that the appointee is “fit and proper” for the proposed position.
- 6.4 The Company shall not appoint or continue the employment of any person as managing director, or manager or whole-time director who has attained the age of 70 (seventy) years. Provided that the term of the person holding this position may be extended beyond the age of 70 (seventy) years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond 70 (seventy) years.
- 6.5 The appointment of Director(s) and KMP(s) shall be made as per the applicable provisions of the Companies Act read with rules made thereunder, IRDAI regulations and SEBI Regulations, as may be applicable from time to time.

7. **AGE, TERM AND TENURE**

7.1 **Managing Director/Whole-time Director/ Chief Executive Officer:**

- (a) The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.
- (b) If the Managing Director / Chief Executive Officer /Whole time Director is appointed by a promoter / majority shareholder, then he /she shall not hold the office for a continuous period of more than 12 (twelve) years.
- (c) The Company shall seek an approval from IRDAI to extend the tenure upto 15 (fifteen) years, whenever required. If Managing Director /Chief Executive Officer /Whole time Director is not appointed by major shareholders/promoters, then the tenure limit shall be continuous period of 15 (fifteen) years.
- (d) While appointing/re-appointing Managing Director /Chief Executive Officer /Whole time Director, the Company will ensure that the upper age limit of 70 (seventy) years is not exceeded.

7.2 **Independent Director**

- (a) An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- (b) No Independent Director shall hold office for more than 2 (two) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years from ceasing to be an Independent Director. Provided that an independent director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- (c) The maximum age limit of Non-Executive Directors, including Chairperson of the Board, shall be 75 (seventy-five) years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

8. **EVALUATION**

- 8.1 The Committee shall carry out evaluation of the performance of every Director, as under, at a yearly interval, in accordance with Section 178 of the Companies Act and share a report thereon to the Board.

The Company shall conduct an annual evaluation of the members of the Board, Chairman, Managing Director and Chief Executive Officer and Whole-Time Director (if any) to assess the effectiveness of the Board as per the requirements set out in the Companies Act, as amended from time to time.

The annual Independent Directors meeting shall inter alia review the performance of the Board (as a whole), the Chairman and Non-Independent Directors. The NRC shall thereafter review the performance of all directors as part of the annual evaluation

exercise.

- 8.2 The management will prepare annual financial and strategic plan for the Company that will form the basis for formulating the Company Key Performance Indicators (KPI)/Key Results Areas (KRA) which will be presented to NRC and the Board. The KPI/KRA will include financial, compliance and risk parameters.
- 8.3 To evaluate the performance of the KMPs (including Managing Director and Chief Executive Officer), the Company shall follow a detailed process of performance evaluation:
 - KRAs /KPIs shall be established for each member that will be derived from the Guidelines and overall strategy of the Company and shall incorporate Policy directives as provided by the Board.
 - The performance against these KRAs/KPIs shall be reviewed by the NRC for Managing Director and Chief Executive Officer and other Executive Director, if any and by Managing Director and Chief Executive Office for other KMPs.
 - Based on the Company's performance assessment and individual performance assessment, for Managing Director and Chief Executive Officer, the NRC will recommend the fixed pay and variable pay, as applicable to the Board for approval. The NRC may also recommend "nil" variable pay based on its assessment.
- 8.4 The Chief Human Resources Officer or his equivalent will be responsible for execution of the remuneration and compensation strategy (covering both fixed pay and variable pay) for the Company in line with this Policy.
- 8.5 The NRC will work closely with the Risk Management Committee of the Board to ensure effective alignment between remuneration and prudent risk taking.

9. **TERMINATION**

- 9.1 Due to reasons for any disqualifications, as mentioned in the Companies Act, rules made there under or under any other applicable law, rules and regulations and/or subject to the performance and behavior of the individual, the Committee may, in case of Director, recommend to the Board with reasons recorded in writing, removal of such person subject to the provisions and compliance of the said Act, rules and regulations and other applicable laws.
- 9.2 Termination of appointment of the Chief Executive Officer, Managing Director and, Whole Time Director by whatever name called, shall be done with prior approval of IRDAI.
- 9.3 Termination of any member of the KMP (excluding Directors) shall be subject to the performance and behavior of the individual and the decision for the removal of such personnel shall be taken by the Committee basis recommendation from the Managing Director and Chief Executive Officer.

10. **RETIREMENT**

- 10.1 The Directors and KMPs shall retire as per the provisions of the Companies Act, IRDAI Guidelines and prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, senior management personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of

the Company.

11. REMUNERATION OF MANAGING DIRECTOR /CHIEF EXECUTIVE OFFICER /WHOLE-TIME DIRECTORS AND KEY MANAGERIAL PERSONNELS

Governance for Managing Director/Chief Executive Officer /Whole-Time Directors –

- 11.1 The remuneration of the Chief Executive Officer, Whole Time Director and Managing Director is determined and periodically reviewed by NRC and recommended to the Board for their consideration and approval of IRDAI.
- 11.2 The remuneration and commission to be paid to Chief Executive Officer, Whole Time Director and Managing Director shall be determined on the individual person's responsibilities and performance and shall be as per Companies Act, the Insurance Act, 1938, IRDAI Guidelines, SEBI LODR Regulations, read with rules, regulations made there-under for the time being in force.
- 11.3 In case, the annual remuneration to Managing Director/Chief Executive Officer/Whole-Time Directors and other KMPs, individually exceeds INR 4,00,00,000 (Indian Rupees Four Crores) or as per the limits set out in the IRDAI Guidelines, as amended from time to time, such excess shall be borne by shareholders and debited to the Profit and Loss Account of the Company.

12. Risks and Reward

- 12.1 Following parameters shall be linked to remuneration of Chief Executive Officer, Whole Time Director and Managing Director: -
- Remuneration is adjusted for all types of risk;
 - Remuneration outcomes are symmetric with risk outcomes;
 - Remuneration payouts are sensitive to the time horizon of the risk; and
 - The mix of cash, equity and other forms of remuneration must be consistent with risk alignment
 - Credit, Market and Liquidity risks
- 12.2 Among other things, the following parameters may also be considered by the Committee and the Board for assessing performance and suitable risk adjustments:
- Persistency
 - Solvency
 - Grievance Redressal
 - Expenses of Management
 - Claim settlement
 - Claim repudiations
 - Overall Compliance status
 - Overall financial position such as Net-Worth Position of Insurer, Asset under Management (AUM) etc.
- 12.3 In matters related to risk and reward, the NRC may consider advice from the members of the Risk Committee of the Company, as appropriate before making its final determinations and recommendations to the Board.

13. Remuneration Structure for KMPs (including Managing Director /Chief Executive Officer /Whole-Time Directors) 9

13.1 To ensure effective alignment of remuneration with prudent risk taking, the NRC will consider adherence to the risk framework in conjunction with business targets. The remuneration payout schedules will be sensitive to the time horizon of risks. The compensation budget of the Company will be based on projected levels of business and people requirements and profitability while remaining consistent with maintenance of sound expenses of management ratio and solvency ratio.

13.2 The annual remuneration shall be the aggregate of Fixed Pay (including monetary and non-monetary perquisites) and Variable Pay, for a particular financial year:

- (a) **Fixed Pay** - Fixed pay of the remuneration shall be reasonable taking into all relevant factors including adherence to statutory requirements and will consist of elements like basic salary, allowances, perquisites as defined under the Income-tax Act, 1961, contribution towards superannuation/retirement benefits and all other fixed items of compensation.
- (b) **Variable Pay** shall be in form of cash and/or share linked instruments etc, includes bonus, incentives, subject to assessment of performance of the Company and includes measures of individual, unit or group performance.

13.3 **Composition of Variable Pay**

- (a) Variable pay shall comprise of Share Linked Instruments and cash in the form of bonus or incentives and shall be paid/granted to any KMP only once during a financial year.
- (b) Share Linked Instruments can be in the form of Stock Options or any other instrument where the settlement, on vesting/exercise, happens in the form of shares
- (c) Company shall ensure that there is a proper balance between Fixed Pay and Variable Pay
- (d) KMPs of the Company shall not be issued/granted sweat equity shares
- (e) All share linked benefits where the ultimate pay-out is in the form of cash such as cash linked stock appreciation rights, phantom stocks, shall be treated as cash benefit.
- (f) Performance based incentives shall be aligned with long term value creation and the time horizon of risks to which the Company may be exposed.

13.4 **Limits of Variable Pay**

- (a) At least 50% (fifty percent.) of fixed pay, or such other limit as mentioned in the IRDAI Guidelines and as amended from time-to-time, shall be variable Pay, for the corresponding period, based on individual, business-unit and Company performance. The total variable pay shall not exceed 300% (three hundred percent) of the Fixed Pay, or such other limit as mentioned in the IRDAI Guidelines and as amended from time-to- time.
- (b) In case, the total Variable Pay is up to 200% (two hundred percent.) of the Fixed Pay, a minimum of 50% (fifty percent) of the total Variable Pay shall be via a non-cash instrument and in case the Variable Pay is above 200% (two hundred

- percent), a minimum of 70% (seventy percent) of the total Variable Pay shall be via non -cash instruments namely Share Linked Instruments.
- (c) In case of Share Linked Instruments, the total number of stock options granted in a year shall not exceed 1% (one percent) of the paid-up capital of the Company.
 - (d) In case of Share Linked Instruments, the total number of stock options issued, granted, vested or outstanding at any point of time shall not exceed 5% (five percent) of the paid-up capital of the Company.
 - (e) Uptil the shares are unlisted, the value of the share linked instrument shall be determined by a Category 1 Merchant Banker registered with SEBI, basis fair value (calculated using Black-Scholes model or any other model) of the Options at the date of grant.
 - (f) The Employee Stock Option Plan 2020 (“**ESOP 2020**”) and The Employee Stock Option Plan 2024 (“ESOP 2024”) are and will form part of the total remuneration for KMPs and other eligible employees of the Company.

The objective of the ESOP 2020 and ESOP 2024 is to reward the key Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The Company views Options as an instrument that would enable such Employees to get a share in the value they create in the Company.

- (g) The ESOPs will be granted in accordance with the ESOP 2020 and ESOP 2024 plans, as amended from time to time, and duly approved by the NRC, Board and shareholders.

13.5 **Key Performance Indicators for Variable Pay (KPIs)**

- (a) Variable Pay shall be in the form of “pay at risk”. Depending on performance and risk outcomes at individual, business units and Company-wide level, the Variable Pay shall be truly variable and can even be reduced to zero.
- (b) The minimum parameters which shall be taken into account, as per the IRDAI Guidelines, for performance assessment of all KMPs (including Executive Directors) for payment of Variable Pay shall be the following:
 - Overall financial soundness such as Net Worth position, solvency, growth in AUM, Net Profit etc.
 - Compliance with Expenses of Management Regulations
 - Claim efficiency in terms of settlement and outstanding
 - Improvement in grievance redressal status/ position
 - Reduction in Unclaimed Amounts of policyholders
 - Renewal Rate
 - Overall Compliance status w.r.t. all applicable laws
- (c) The KPIs mentioned above shall have at least 60% (sixty percent) of total weightage in the performance assessment matrix of Managing Director /Chief Executive Officer /Whole-Time Director and shall have at least 30% (thirty percent) of total weightage in the performance assessment matrix of KMPs (excluding Managing Director /Chief Executive Officer /Whole-Time Director) individually.

- (d) The Committee may configure weightage for each of the above parameters suitably depending on the respective roles.
- (e) The Committee may from time to time specify such KPIs as they may deem fit in the context of making a fair performance evaluation taking into account new regulation, economic and business climate, and retention of talent in the context of reward and remuneration and the prevalent market practices.
- (f) The above parameters from (a) to (e) shall be used as an input for determining Fixed Pay increments as well.

13.6 **Deferral of Variable Pay**

- (a) Of the total Variable Pay, at least 50% (fifty percent) shall be deferred. The deferred remuneration could be in the form of Share Linked Instruments and/or cash bonus/incentive.
- (b) The deferral period would be minimum of 3 (three) years. The first such vesting shall accrue after 1 (one) year from the commencement of the deferral period.
- (c) Vesting period shall be no faster than on a pro rata basis and shall not take place frequently than on a yearly basis to ensure proper assessment of risks before the application of ex-post adjustments.
- (d) The actual deferral period shall be governed by the relevant rules of Share Linked Plan which will be approved by the Board and Shareholders.
- (e) In case where Total Variable Pay for the particular year is under INR 25,00,000 (Indian Rupees Twenty-Five Lakhs), deferral arrangement may not be necessary.
- (f) The Committee may change the deferral quantum and period basis industry and regulatory context, company risk context and emerging best practices from time to time.
- (g) In case of retirement/ resignation/ death of a KMPs, prior to the deferral period, the deferred pay will be made as per the employment contract and the Company's policy. In case of reappointment on retirement, the deferred pay due at the time of retirement (i.e. prior to reappointment) shall be paid only for the respective years to which it is originally deferred.
- (h) In the event of termination of employment contract owing to proven misconduct/fraud/criminal offence or any order of Court/tribunal/other competent authorities, the deferred pay shall be forfeited.

13.7 **Guaranteed Bonus**

- (a) No amount of bonus shall be guaranteed to any KMP except for joining/sign- on bonus
- (b) Joining / Sign -on bonus shall be given only for hiring of new personnel and shall be limited to first year of employment. It can be in the form of cash or Share Linked Instrument.
- (c) Guaranteed Bonus shall not form part of remuneration plan and will not be considered as a part of Fixed Pay or Variable Pay.

13.8 Severance Pay

The Company will not grant severance pay other than accrued benefits like gratuity, pension etc. to KMPs except in cases where it is mandatory by statute. The Severance Pay shall not include notice period pay.

13.9 Malus and Clawback Arrangement

- (a) The Variable Pay in a year shall be subject to:
Malus arrangement wherein in case of subdued or negative financial performance arising not on account of gross negligence or misconduct of the KMPs, the Company may withhold cash bonus or vesting of Stock Options and may lapse unvested Stock Options in accordance with the Long-Term Incentive Plan.

Clawback arrangement wherein in case of gross negligence or misconduct or cause as defined in the Company's code of conduct, the KMP shall be liable to return previously paid or vested Variable Pay.

- (b) The norms of Malus and Clawback shall be decided by the Committee based on actual/realized performance of the year, legal enforceability, and verifiable measures of risk outcomes.

- (c) The Committee may invoke Malus and Clawback clause with respect to the KMPs in the following illustrative scenarios:

Negative trend over a period of 3 (three) years attributed to directly decisions taken by concerned KMP;

Significant reduction in solvency ratio and combined ratio (excluding due to any corporate actions);

Material (high risk) audit observation which is repetitive in nature and actions as agreed or directed have not been sufficiently taken;

Gross negligence, integrity breach, reckless, or deliberate actions;

Errors of judgment shall not be considered as a violation;

Material misstatement of the Company's financial statement/results due to result of misconduct including fraud, negligence on compliance of Corporate Governance and Regulatory matters;

Any other situation where the Board and the NRC deems invoking Malus and/or Clawback provision is necessary and justified;

- (d) While determining the causes for Negative trend in the above defined minimum KPIs and high -risk audit observations, the Committee may take into consideration and have due regard to the fact whether the deterioration was for factors within control or whether it was on account of conditions like global market headwinds, industry performance, changes in legal/regulatory regime, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions etc.

- (e) While undertaking the review for the concerned person(s) for the application of the Malus or the Clawback arrangement based on any trigger events, when determining accountability of the concerned person or group of persons, the

Committee shall be guided by the principles of proportionality, culpability or proximity or nexus to the event or misconduct. Bonafide error/s of judgment where there is no misconduct, willful or intentional act/ omission or gross negligence or lack of integrity may not be treated as trigger under this Policy.

- (f) Prior to taking action the Management and the Committee shall ensure due regard to the Principles of Natural Justice. In deciding to apply Malus/Claw-back, the NRC, in its evaluation, shall take into account the principles of proportionality and of reasonable nexus between matters of ability, capability and expertise of the individual/s versus matters or events outside the control or even nexus of the individual/s to the events or situations.
- (g) Unless otherwise specified, the time horizon for the applicability of Malus/Clawback clause shall be 3 (three) years or the deferral period of the Variable Pay, whichever is higher, from the date of grant in case of Share Linked Instrument and date of payment in case of cash bonus.
- (h) On deciding to invoke Malus or Clawback, the Committee will have power to take any of the following action basis the nature and severity of trigger:

In case of Malus Clause:

Cancel part or full vesting of the deferred cash or Share Linked component due for vesting in that particular year;

Cancel part or full vesting of entire unvested deferred cash or Share Linked component which are to be vested in future years.

In case of Clawback Clause:

Recovery of part or full cash component of deferred Variable Pay paid over the applicable period;

Recovery of part or full benefit (in form of shares or cash equivalent of shares) accrued to the employee on account of exercise of Share Linked Instrument;

Forfeiture of part or full vested but unexercised Share Linked Instrument vested during the applicable period.

13.10 Stock Options

In addition to or variation or substitution of ESOP 2020 and ESOP 2024, the NRC/Board may consider granting of stock options under the Employee Stock Plan. Issue of stock options shall be governed by the provisions of IRDAI Guidelines, the Companies Act, the Companies (Share Capital and Debenture) Rules, 2014, SEBI (Issue of Sweat Equity) Regulations, 2002 and SEBI (Share based Employee Benefits), 2014 as may be applicable and amended from time to time. Details of stock options to Directors and KMPs shall be disclosed in line with disclosure requirements stipulated for the financial statements of the Company.

14. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:

14.1 Commission to Independent Director

- (a) Subject to the approval of Board and Shareholders in accordance with the Companies Act read with rules made there under, the Independent Directors may be paid profit linked commission from time to time.

- (b) Subject to the overall limit in this regard, the Board may, with mutual agreement with such Director, determine and pay different commission, to each Independent Director. The total Remuneration paid should not exceed the maximum remuneration as set out in Clause 14.2 below.

14.2 **Remuneration**

The Committee will recommend the remuneration to be paid to the Non- Executive Directors and Independent Directors to the Board for their approval and the remuneration shall be limited to maximum of INR 25,00,000 (Indian Rupees Twenty Five Lakhs) per annum. Non- Executive Directors and Independent Directors are not eligible for any Share Linked benefits of the Company.

14.3 **Sitting Fees**

- (a) The Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, such sum as may be decided by the Board which shall not exceed INR 1,00,000 (Indian Rupees One Lakh) per meeting of the Board or committee thereof. Further, for Independent Directors and Woman Directors, the sitting fees shall not be less than the sitting fees payable to other directors.
- (b) In addition to the sitting fees, the Company may reimburse their expenses for participation in the Board and other meetings, subject to compliance with the provisions of the Companies Act and rules made thereunder, as amended from time to time.
- (c) The remuneration payable by the Company to Non-Executive Directors shall be subject to the conditions specified in the Act including in terms of monetary limits, approval requirements and disclosure requirements.

14.4 **Engagement for Professional Services**

The Company may, in line with applicable provisions of Companies Act read with Insurance Act, 1938, amendments and rules there under, wherever applicable, engage any non – executive director to provide professional services from time to time. Any such engagement for professional services shall be made, if NRC of the Company is of the opinion that the Director possesses the requisite qualification for practice of profession.

15. **REMUNERATION TO OTHER EMPLOYEES**

- (a) The Policy and procedures will be supported by a clear, transparent, and fair performance management process
- (b) Other employees shall be eligible for a remuneration inclusive of Fixed Pay, perquisites, allowances, short term/ long term incentives, retiral and other components as may be approved by NRC and as per compensation strategy / framework of the Company from time to time.
- (c) For employees in Risk, Control and Compliance functions, the Variable Pay and the fixed salary increment shall be based on the performance on functional objectives and goals and shall not be based on the performance of business units which are subject to their control and/or oversight.

16. **DISCLOSURE**

- (a) All above Remuneration, including qualitative and quantitative disclosures as mentioned in the IRDAI Guidelines and as may be amended from time-to-time along with the fees for all Directors will be disclosed annually in Company's annual report and to IRDAI in the prescribed formats.
- (b) This Policy of the Company shall be placed on the website of the Company.

17. **DEVIATIONS FROM THIS POLICY**

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary, in the interests of the Company and subject to IRDAI Guidelines, will be made if there are specific reasons to do so in an individual case.

18. **OWNER OF THE POLICY**

The Policy is owned by the Company Secretary and Compliance Officer, framed and implemented under the guidance of the Committee of the Company and shall be administered by the Director and Chief Human Resources Officer.

19. **IMPLEMENTATION AND REVIEW**

The Committee shall be responsible for implementation of this Policy. The Committee and Board will review the Policy as required at least on an annual basis and ensure that it remains appropriate for its intended purpose. The Committee and Board may make amendments to the Policy (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation).