

## **ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED**

### **Policy on Appointment and Compensation of Employees and framework for remuneration to Non-executive Directors**

#### **I. Policy on Appointment**

##### **Objective**

The objective of the Policy is to lay down Guidelines on Appointment of employees including Key Managerial Personnels (KMPs) of ICICI Lombard General Insurance Company Limited (ICICI Lombard/Company). This policy is applicable on and from April 1, 2023.

For the purpose of this Policy and operation thereof the term KMP shall be ascribed with the definition as prescribed under the IRDAI ((Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024, reproduced herein below

*“Key Management Person” shall include members of the core management team of an insurer or applicant including all whole-time directors or Managing Directors or Chief Executive Officer and the functional heads one level below the Managing Director or Chief Executive Officer, including the Chief Financial Officer, Appointed Actuary, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer and the Company Secretary.*

Further, meaning ascribed to the term Senior Management Personnel (“SMP”) shall be as defined under the Companies Act, 2013 and include those considered as ‘senior management’ pursuant to the definition in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (“SEBI Listing Regulations”).

##### **Appointment Guidelines**

- **Philosophy:** ICICI Lombard is committed for adoption of fair employment practices. It ensures diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse candidate pool. It upholds the principle that advancement is based on talent and performance and there is a commitment to equal opportunity.
- **Process:** Appointment of employees is based on the educational qualification, experience, skills and competencies as required for performance on the job or as prescribed by relevant Statute(s)/Regulation(s)/Rule(s)/Authorities or as prescribed in the recruitment manual of the Company. Further, the appointment or termination of KMPs shall be made with the approval of Board of Directors of

the Company on the recommendation of the Board Nomination and Remuneration Committee (BNRC).

- **Requirements:** All employees should submit requisite documents or sign any/all declarations showing proof of, or declaring compliance to, any/all rule(s), code(s) and statutory or regulatory prescriptions as applicable to the employees, Whole Time Directors and KMPs/SMPs of the Company.
- **Adherence:** Appointment of employees is made relying upon the information furnished and representation(s) made by the employee from time to time. If any information or representation(s) is found to be incorrect or if any material information is detected by the Company to have been suppressed by the employee or any action on the employee's part is found to be in contravention of the terms and conditions of employment or the Code of Conduct of the Company will have the right to take appropriate actions including termination of services of the employee at any time without giving any prior notice.
- **Grooming insurance professionals:** Given the nascent nature of the industry and shortage of trained manpower, the Company will actively work with academic institutions to develop skilled talent pool. Robust induction and training will be deployed to groom skilled professionals, especially those who are from outside the industry. In line with this mandate, the Company shall always endeavor to nurture attitude and train the employees for development of skills. Internal movements across functions shall be encouraged to develop well rounded insurance professionals.

## **II. Policy on Compensation**

### **Objective**

The Objective of the policy is to lay down Guidelines on fixing Compensation of employees including Key Managerial Persons and Key Management Persons, Senior Management Persons ("SMP"), Whole-Time Directors (WTD)/ Managing Director & Chief Executive Officer ("MD & CEO") and Non-Executive Directors ("NED's") of the Company.

For the purpose of the Compensation Policy, meaning ascribed to the term Key Management Persons is pursuant to IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024. Similarly, meaning ascribed to the term Key Managerial Personnel shall be as defined under the Companies Act, 2013. Both collectively are referred herein as KMPs.

Further, meaning ascribed to the term Senior Management Person ("SMPs") shall be as defined under the Companies Act, 2013 and include those considered as 'senior management' pursuant to the definition in SEBI Listing Regulations.

The Policy is divided into five parts. Part A of the Policy deals with compensation of employees (excluding MD & CEO, other WTDs, KMPs and SMPs). Part B lays down the guidelines relating to compensation of the MD & CEO, other WTDs, KMPs and SMPs. Part C is for Chairperson, Non-executive, Independent Director and Part D for Non-executive Directors and part E for Non-Executive, Non-Independent Directors.

## **Part A: Compensation policy for Employees (excluding MD & CEO, other WTDs, KMPs and SMPs).**

### **Philosophy on compensation and benefits**

The philosophy of the Company on compensation and benefits is based on the ethos of meritocracy and fairness. While the Company will strive to ensure internal and external equity that are consistent with emerging market trends, its business model and affordability based on business performance sets the overarching boundary conditions.

The remuneration of staff engaged in all control functions including the Risk, Compliance, Internal Audit and Actuarial functions will depend on their performance which is based on achievement of key results of the respective functions and independent of the business areas they oversee. The Company follows a consistent rewards practice across business and control groups where the mix of fixed and variable compensation is weighed in favour of fixed for the junior levels. The same principle will be applied for the control functions.

### **Compensation Structure**

The Compensation structure is delivered through *inter-alia* the following composition of elements that meet the objective of attracting, rewarding and retaining talent:

- Annual Guaranteed Pay
- Variable Pay
- Long-Term Pay
- Non-cash Benefits
- Post Retiral Benefits

**1. Annual Guaranteed Pay (AGP):** AGP consists of various salary components including base pay and allowances as applicable to eligible employees. Allowances include a basket of components like House Rent Allowances (HRA), Medical Allowance, Conveyance Allowance, Leave Travel Allowance (LTA), Supplementary Allowance and any other allowance(s) introduced from time to time. The Company has the flexibility to design the allowance(s) basket subject to the maximum limit prescribed for each level. AGP also includes statutory contributions such as Employer's contribution to Provident Fund and Gratuity. The basic salary and allowances are fixed as a percentage of AGP, which ensures prudent management of AGP.

- 2. Variable Pay:** Variable pay is given in the form of a performance bonus. The payout is a function of overall performance of the Company and performance of an individual as determined by the Company subject to a quantum of variable pay for an employee will not exceed 300% of the Annual Guaranteed Pay in a year. However, employees can earn lesser variable pay based on various performance criteria. Since capacity to pay is also a key determinant in structuring pay, variable pay is an instrument to manage wage cost effectively in the events of downturn in the economy, industry or the company.

Ensuring balance in setting performance objectives, capping the maximum payout of performance bonus and following an annual payout cycle encourages and rewards prudent behavior.

The Company follows the philosophy of meritocracy, which is the relative differentiation of employees based on performance delivered. The design of the variable pay is linked to the individual employees' performance rating which is arrived on the basis of assessment of performance delivered against a set of pre-defined performance objectives. These objectives are balanced in nature, and comprise a holistic mix of financial, customer, people, process, quality and compliance objectives.

A minimum of 50% of the variable pay for employees will be under deferment. If the variable pay amount is under ₹ 25 lacs, the deferment shall not be applicable. The deferral period would be spread over a minimum period of three years (deferment period). The frequency of vesting will be on annual basis and the first vesting shall not be before one year from the commencement of deferral period. The vesting shall be no faster than a prorata basis. Additionally, vesting will not be more frequent than on a yearly basis.

In the event of a reasonable evidence of deterioration in financial performance in the form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more, the BNRC and Board may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic, social or other conditions whether in or outside the control of the Company or any person and other relevant factors, and based on such evaluation, the BNRC and Board may consider an appropriate contraction in the total amount of variable pay payable for that year with due regard to principles of proportionality, and which may even be reduced to zero.

In case of retirement, early retirement, resignation, death or permanent disability of employee, the deferred variable pay in the form of share-linked instruments shall vest / be paid, as applicable, as per the provisions of the respective Employee Stock Option/Unit Scheme approved by the BNRC and Board. In case of death or permanent disability of employee, whole of the deferred performance bonus shall be paid immediately to the employee's successors, or the employee, as the case maybe. In case of retirement, early retirement or resignation of employee, the

deferred performance bonus shall be paid as per the deferral schedule approved by the BNRC and Board.

In case of termination from the services of the Company as per the directives of a Court / Tribunal / other competent Authorities, or termination by the Company in case of fraud / criminal offences etc., the deferred pay shall be forfeited subsequent to approval of the same by the BNRC and Board.

- 3. Long- term Pay:** Long- term pay (applicable to eligible employees) may be administered either through employee stock options, employee stock units or deferred cash. Typically, this is a critical element in rewarding middle and senior management of the Company. As a philosophy, long term pay is given to:
- Align senior management behavior to long term view of the Company's performance in the interest of the shareholders
  - Create individual stake in the success of the Company
  - Retain key talent in the Company
  - Reward performance behaviors which are linked to institution building

Specific criteria for employee stock option/employee stock units grant and deferred cash could include organization performance, individual performance, potential assessment, vintage and any other relevant parameters.

- 4. Non-Cash Benefits:** Non-Cash Benefits are provided to eligible employees to supplement rewards, which *inter-alia* include the following:
- Group Health insurance for employees and dependents
  - Group term life insurance for employees
  - Personal accident insurance for employees
  - Domiciliary medical expense reimbursement
  - Company Car
  - Company assets for home office
  - Executive health checkup
  - Employees' children with special needs
- 5. Post retirement Benefits:** Post retirement benefits will be applicable to eligible employees retiring from the services of the Company, which *inter-alia* include the following:
- Group Health Insurance for employees and dependents
  - Domiciliary medical expenses post retirement
  - Transportation to Home town

## **Review of Compensation**

Compensation decisions are periodically reviewed by the Company in the light of:

- the prevalent and emerging trends in the market with specific reference to compensation and benefits provided.
- compensation policies in line with emerging employee needs and organizational priorities.
- overall annual increments, bonus payout, stock option grants and stock units grant, deferred cash and benefits at various levels.

- **Review of prevalent and emerging market trends**

Emerging market trends constitute an important input variable to compensation decisions. It is therefore of prime importance to capture and develop a thorough understanding of the market dynamics with respect to compensation and rewards trends.

- **Review of organizational priorities and employee sentiments/needs**

The human resources function engages on an ongoing basis in understanding the changing organizational priorities and the interrelations, if any on the compensation decisions of the Company. Through various channels and platforms, the function engages to understand employee needs with reference to employee compensation, benefits and rewards decisions and to assess the efficacy of the current model.

- **Annual processes:** Reviews of key processes such as increments, performance bonus, stock option/stock unit grants and benefits at various levels are carried out on a periodic basis. Few of these processes are outlined below:
- **Increments:** Compensation and benefits for various levels are reviewed periodically on the basis of market data of the relevant competitor group, internal equity considerations and cost budgets of the Company. Individual level compensation decisions are linked to the balanced performance measures and future leadership potential.
- **Performance Bonus:** Performance bonus is payable at the end of each financial year, based on the performance of the Company and individual performance. The bonus payout grid is approved by the Board Nomination and Remuneration Committee.
- **Grant of stock option/stock units and Deferred cash:** Stock options/Stock units may be granted based on availability of stock options/stock units for grant (only in case of stock options/stock units), performance of the Company and performance at the individual level. The eligibility criteria, maximum number of Stock Options/Stock Units and Deferred cash that may be granted at each level and the grant grid are approved by the Board Nomination and Remuneration Committee.

### **Guaranteed bonus:**

Guaranteed bonuses are not consistent with the principles of meritocracy and the Company does not encourage any kind of guaranteed bonus. Joining or sign-on bonus may be granted in the context of hiring new staff from the market and shall be limited to the first year of employment and is not the part of fixed pay or variable pay.

### **Malus and Claw-back**

Effective April 1, 2023, for employees at levels where long-term pay is granted, performance bonus shall be subject to claw-back provisions and long-term pay shall be subject to malus and claw-back provisions.

In the event of a reasonable evidence of deterioration in financial performance in the form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more, the BNRC and Board may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic, social or other conditions whether in or outside the control of the Company or any person and other relevant factors, in deciding to apply or not apply malus / claw-back on none, part or all of the variable compensation of the previous year. In deciding to apply or not apply malus / claw-back on none, part or all of the variable compensation of the previous year, the BNRC and Board shall, in its evaluation, have due regard to 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.

Further, in the event of:

- i. act of wilful or gross misconduct or neglect,
- ii. the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity,
- iii. gross or wilful insubordination, or
- iv. materially inaccurate financial statements due to the result of misconduct including fraud, or
- v. poor compliance in respect of corporate governance and regulatory matters, or
- vi. any other act detrimental to the interest of the Company including and not restricted to violation of the Company's Code of Conduct, the ICICI Group Code of Business Conduct & Ethics, violation of Framework for dealing with Conflict of Interest, violation of rules and regulations of the Company, failure to discharge fiduciary and regulatory duties – and in respect of which the Company would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual's (including employees who were transferred or deputed or resigned to join a Subsidiary/Associate Company/Holding Company),

The disciplinary committee may decide to apply Malus and/or Claw-back on part or all of the long-term/performance bonus pay of employees including unvested/vested/paid/unpaid deferred long-term pay. In case the stock options / stock

units have been exercised, claw-back on shares acquired and/or return of amount based on exercise of options / units shall be as prescribed under the applicable statutory / regulatory provisions from time to time and as decided by the disciplinary committee. Due process including inquiries or investigations as required and/or adherence to principles of natural justice are ensured prior to conclusion on the above events of breaches and which would form the basis of decisions. Error of judgment shall not be construed to be a breach under this policy.

Malus and claw-back in relation to share-linked instruments and long-term reward scheme applies on grants made with effect from April 1, 2023 for the balance length of service / employment of the concerned employee with the Company, and shall survive the resignation, retirement, early retirement or termination of the concerned employee. The same shall be done based on the given facts and circumstances, and through due legal process for recovery of amounts adjudged for claw-back or as damages suffered or as recoverable by the Company. Malus and claw-back shall be applied for the Deferment Period as applicable to deferred long-term pay in terms of this Compensation Policy. This is in addition to, and without contradicting the existing clause in the Employee Stock Option Scheme / Employees' Stock Unit Scheme that specifies lapsing of grants including vested stock options / units for terminated (including terminated for cause) or exiting employees applicable for grants made in terms of the aforementioned Schemes from time to time.

Claw-back in relation to performance bonus shall apply on grants made with effect from April 1, 2023, and shall be applied for the Deferment Period as applicable to deferred variable pay in terms of this Compensation Policy, for the balance length of service / employment of the concerned employee with the Company, and shall survive the resignation, retirement, early retirement or termination of the concerned employee.

Effective April 1, 2023, employees at levels where long-term pay is granted will be required to sign malus and claw-back agreements as applicable, for performance bonus and long-term pay, which shall be treated as part of their employment contract with the Company.

### **Hedging**

The Company will neither permit nor provide any facility or funds to the employees to insure or hedge their compensation structure including stock options/Units to offset risk alignment effects embedded in their compensation.

The Managing Director & CEO shall be authorized to review / approve / ratify all matters relating to compensation not specifically governed under the scope of this policy.



## **Part B: Compensation of the MD & CEO, other WTDs, KMPs and SMPs**

### **Background**

IRDAI vide reference no. IRDAI/F&I/CIR/MISC/82/5/2024 dated May 22, 2024 notified Master Circular on Corporate Governance of Insurers, 2024 ("Master Circular on CG") and has inter alia repealed Guidelines on Remuneration of Directors and Key Managerial Persons of Insurers.

The Master Circular on CG requires the Company to formulate and adopt a comprehensive remuneration policy covering the MD/CEO/WTD and other KMPs.

### **Philosophy on compensation and benefits**

The Company has historically followed prudent compensation practices under the guidance of the Board and the BNRC. The Company's approach to compensation is based on the ethos of meritocracy and fairness within the framework of prudent risk management. The approach aims to promote the alignment of compensation with the strategic priorities and the long-term interest of the Company and promote sound overall governance & fair treatment of customers.

The BNRC shall define Key Performance Indicators (KPIs) for the MD & CEO and other WTDs based on the financial and strategic plans approved by the Board, which shall include the performance parameters outlined by IRDAI in the Guidelines.

The BNRC shall evaluate the performance of the MD & CEO and other WTDs vis-à-vis the KPIs for the year, and this shall be used to determine the variable pay payable to the MD & CEO and other WTDs and will also form the basis for revision of their Fixed Pay. Based on the performance evaluation, the BNRC will recommend to the Board for approval, all compensation, in whatever form, payable to the MD & CEO and other WTDs. This will be subject to necessary approvals from the regulators and shareholders, wherever applicable.

The remuneration of staff engaged in all control functions including the Risk, Compliance, Internal Audit and Actuarial functions will depend on their performance which is based on achievement of key results of the respective functions and independent of the business areas they oversee. The Company follows a consistent rewards practice across business and control groups where the mix of fixed and variable compensation is weighed in favour of variable for the senior levels. The same principle will be applied for the control functions.

Compensation will be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others.

The policy aims to ensure that:

- a) Remuneration is adjusted for all types of risk,
- b) Remuneration outcomes are symmetric with risk outcomes,
- c) Remuneration payouts are sensitive to the time horizon of the risk, and
- d) The mix of cash, equity and other forms of compensation are consistent with risk alignment.

## Compensation Structure

The Compensation structure is delivered through *inter-alia* the following composition of elements that meet the objective of attracting, rewarding and retaining talent:

- Fixed Pay
- Variable Pay
- Guaranteed Bonus and Severance Package
- Post retiral benefit

The Compensation structure of KMPs/SMPs will be reviewed by the Board Nomination & Remuneration Committee based on market trends and strategy of the Company from time to time.

- 1. Fixed Pay:** Fixed pay will include basic pay, allowances, non-cash benefits and perquisites, contribution towards retirals and all other fixed items of compensation. Retirals include retiral contributions such as Employer's contribution to Provident Fund and Gratuity for KMPs/SMPs
- 2. Variable Pay:** Variable pay shall be in the form of bonus and/or share-linked instruments, such as Employee Stock Options. Any variable pay shall be paid / granted to any WTD or other KMPs/SMPs only once during a financial year.

Variable Pay shall be at least 50% of the Fixed Pay for the corresponding period and shall not exceed 300% of the Fixed Pay. However, WTDs, or other KMPs/SMPs can earn lesser variable pay than 50% of the fixed pay based on various performance criteria. Where Variable Pay is up to 200% of the Fixed Pay, a minimum of 50% of the Variable Pay shall be via Employee Stock Options. The same limit would be 70%, in case the Variable Pay is above 200% of the Fixed Pay.

A minimum of 50% of the variable pay for WTDs/other KMPs/SMPs will be under deferment. If the variable pay amount is under ₹ 25 lacs, the deferment shall not be applicable. The deferral period would be spread over a minimum period of three years (deferment period). The frequency of vesting will be on annual basis and the first vesting shall not be before one year from the commencement of deferral period. The vesting shall be no faster than a prorata basis. Additionally, vesting will not be more frequent than on a yearly basis.

In the event of a reasonable evidence of deterioration in financial performance in the form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more, the BNRC and Board may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic, social or other conditions whether in or outside the control of the Company or any person and other relevant factors, and based on such evaluation, the BNRC and Board may consider an appropriate contraction in the total amount of variable pay payable for that year with due regard to principles of proportionality, and which may even be reduced to zero.

In case of retirement, early retirement, resignation, death or permanent disability of WTD(s)/other KMP(s)/SMP(s), the deferred variable pay in the form of share-linked instruments shall vest / be paid, as applicable, as per the provisions of the respective Employee Stock Option Scheme approved by the BNRC and Board. In case of death or permanent disability of WTD(s)/other KMP(s)/SMP(s), whole of the deferred performance bonus shall be paid immediately to the employee's successors, or the employee, as the case maybe. In case of retirement, early retirement or resignation of WTD(s)/other KMP(s)/SMP(s), the deferred performance bonus shall be paid as per the deferral schedule approved by the BNRC and Board.

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.

In case of termination from the services of the Company as per the directives of a Court / Tribunal / other competent Authorities, or termination by the Company in case of fraud / criminal offences etc., the deferred pay shall be forfeited subsequent to approval of the same by the BNRC and Board.

### **2.1 Performance bonus:**

A minimum of 50% of the bonus for WTDs/other KMPs/SMPs will be under deferment. If the bonus amount is under ₹ 25 lacs, the deferment shall not be applicable. The deferral period would be spread over a minimum period of three years (deferment period). The frequency of vesting will be on annual basis and the first vesting shall not be before one year from the commencement of deferral period. The vesting shall be no faster than a prorata basis. Additionally, vesting will not be more frequent than on a yearly basis.

### **2.2 Long-term Pay:**

Long-term pay may be administered through employee stock options in line with the Company's Employee Stock Option Scheme. Stock options may be granted in accordance with regulatory guidelines including SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and subject to availability of stock options for grant in line with the performance of the Company and individual employee. The eligibility criteria, maximum number

of stock options would be in accordance with the approval of the BNRC and Board.

Stock options are fair valued using the Black-Scholes model and based on the last closing price of the shares of the Company at a domestic stock exchange having highest volumes on the immediate business day prior to grant.

WTDs and other KMPs/SMPs shall not be issued / granted any sweat equity shares.

### **2.3 Alignment of compensation to prudent risk parameters**

To ensure effective alignment of compensation with prudent risk parameters, the Company will include the following minimum parameters to determine the performance assessment of all WTDs, other KMPs and SMPs for payment of variable pay, along with any other pre-defined performance objectives of the Company as may be determined by the BNRC and the Board:

- i. Overall financial soundness such as net worth position, solvency, growth in AUM, net profit, etc.;
- ii. Compliance with Expenses of Management regulations;
- iii. Claim efficiency in terms of settlement and outstanding;
- iv. Improvement in grievance redressal status;
- v. Reduction in unclaimed amounts of policyholders;
- vi. Renewal Rate; and
- vii. Overall Compliance status with respect to all applicable laws

The above parameters shall constitute at least 60% of the total weightage in the performance assessment matrix i.e. the KPIs of MD & CEO and other WTDs; and at least 30% of the total weightage in the performance assessment matrix i.e. the KPIs of other KMPs and SMPs. The weightage for each of the KPIs may be configured suitably by the BNRC and Board. The Company may also define additional KPIs which shall be in line with the Company's business strategy and plan.

Ensuring balance in setting performance objectives, deferment of  $\geq ₹ 25$  lacs of performance bonus and following an annual payout cycle for variable pay ensures that prudent behaviour is suitably encouraged and rewarded.

#### **Malus and Claw-back:**

Variable pay shall be subject to malus and claw-back provisions.

In the event of a reasonable evidence of deterioration in financial performance in the form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more, the BNRC and Board may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic, social or other conditions whether in or outside the control of the Company or any person and other relevant factors, in deciding to apply or not apply malus / claw-back on none, part or all of the variable compensation of the previous year. In deciding to apply or not apply malus / claw-back on none, part or all of the variable compensation of the previous year, the BNRC and Board shall, in its evaluation, have due regard to 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.

Further, in the event of:

- i. act of wilful or gross misconduct or neglect,
- ii. the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity,
- iii. gross or wilful insubordination, or
- iv. materially inaccurate financial statements due to the result of misconduct including fraud, or
- v. poor compliance in respect of corporate governance and regulatory matters, or
- vi. any other act detrimental to the interest of the Company including and not restricted to violation of the Company's Code of Conduct, the ICICI Group Code of Business Conduct & Ethics, violation of Framework for dealing with Conflict of Interest, violation of rules and regulations of the Company, failure to discharge fiduciary and regulatory duties – and in respect of which the Company would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual's (including employees who were transferred or deputed or resigned to join a Subsidiary/Associate Company/Holding Company),

The BNRC may decide to apply Malus and/or Claw-back on part or all of the variable pay of WTDs and other KMPs/SMPs including unvested/vested/paid/unpaid deferred variable pay. In case the stock options have been exercised, claw-back on shares acquired and/or return of amount based on exercise of options shall be as prescribed under the applicable statutory / regulatory provisions from time to time and as decided by the BNRC and Board. Due process including inquiries or investigations as required and/or adherence to principles of natural justice are ensured prior to conclusion on the above events of breaches and which would form the basis of decisions. Error of judgment shall not be construed to be a breach under this policy.

Malus and claw-back in relation to share-linked instruments applies on grants made with effect from April 1, 2023 for the balance length of service / employment of the concerned person with the Company, and shall survive the resignation, retirement, early retirement or termination of the concerned person. The same shall be done based on the given facts and circumstances, and through due legal process for recovery of amounts adjudged for claw-back or as damages suffered or as recoverable by the Company. Malus and claw-back shall be applied for the Deferment Period as applicable to deferred variable pay in terms of this Compensation Policy. This is in addition to, and without contradicting the existing clause in the Employee Stock Option Scheme that specifies lapsing of grants including vested stock options for terminated (including terminated for cause) or exiting employees applicable for grants made in terms of the aforementioned Schemes from time to time.

The Company already had malus and claw-back arrangements in place for WTDs for performance bonus, and the same shall continue to be applicable. Malus and claw-back in relation to performance bonus shall now also apply on grants to KMPs/SMP made with effect from April 1, 2023, and for both WTDs and other KMPs/SMPs, in relation to bonus grants effective April 1, 2023, malus and claw-back shall be applied for the Deferment Period as applicable to deferred variable pay in terms of this Compensation Policy, for the balance length of service / employment of the concerned person with the Company, and shall survive the resignation, retirement, early retirement or termination of the concerned person.

WTDs and Other KMPs/SMPs will be required to sign malus and claw-back agreements for variable pay, including bonus and Employee Stock Options, which shall be treated as part of their employment contract with the Company.

### **3. Guaranteed Bonus and Severance Package:**

Guaranteed bonuses are not consistent with sound risk management or pay for performance principles and the Company does not encourage any kind of guaranteed bonus as part of the compensation plan. Joining or sign-on bonus may only be payable in the context of hiring new staff and will be limited to the first year of employment. Grant of employee stock options shall be the preferred form for joining or sign-on bonus. Such joining or sign-on grants / bonus will not be considered as a part of fixed or variable pay.

Further, other than accrued retirement benefits (such as leave encashment, provident fund and gratuity payable on retirement etc.) or any benefits arising under the employee early retirement scheme or any payments or benefits mandated by applicable law, no severance pay will be paid to Whole-time Directors, other KMPs and SMPs. Notice period pay will not be considered as severance pay.

**4. Postretirement Benefits:** Post retirement benefits will be applicable to WTDs/KMPs/SMPs retiring from the services of the Company, which *inter-alia* include the following:

- Group Health Insurance for employees and dependents
- Domiciliary medical expenses post retirement
- Transportation to Home town

**Age and tenure of MD & CEO, WTDs and other KMPs/SMPs:**

MD & CEO, other WTDs, other KMPs/SMPs of the Company shall retire from the services of the Company on the last day of the month in which they complete 58 years of age, unless otherwise approved by the BNRC and Board. The BNRC and Board at their sole discretion may approve MD & CEO, WTDs and other KMPs/SMPs to continue in service beyond the age of 58 years.

Subject to the statutory approvals required time to time, the post of MD and CEO or WTD shall not be held by the same incumbent for a continuous period of more than 15 years. Thereafter, the individual shall be eligible for re-appointment as MD and CEO or WTD in the Company, if considered necessary and desirable by the Board, after a cooling off period of at least one year, subject to meeting other applicable conditions.

The MD & CEO, WTDs or other KMPs/SMPs may apply for early retirement under the Company's Early Retirement Scheme. Any application for early retirement from the MD & CEO, other WTDs, other KMPs and SMPs will need to be approved by the BNRC and Board.

**Review of Compensation**

The decision relating to remuneration of WTD/MD/CEO/other KMPs/SMPs would be reviewed periodically by the Board Nomination and Remuneration Committee.

No revision in remuneration of WTD/MD/CEO shall be done before the expiry of one year from the effective date of earlier IRDAI approval.

**Disclosure and accounting requirements**

The Company shall comply with the disclosure and accounting requirements prescribed by IRDAI, SEBI or any other regulatory or statutory requirement.

**Hedging**

The Company will neither permit nor provide any facility or funds to the MD & CEO, other WTDs, other KMPs and SMPs to insure or hedge their compensation structure

including stock options/Units to offset risk alignment effects embedded in their compensation. Due compliance measures will be instituted (including obtaining of periodic affirmations and disclosures from the MD & CEO, other WTDs, other KMPs and SMPs)

### **Part C: Remuneration Policy for Chairperson, Non-executive, Independent Director**

The remuneration to be paid to the Chairperson (Non-executive, Independent Director) shall be ₹2,000,000 (Twenty Lacs) per annum and in accordance with the approval of the Board of Directors and the Shareholders.

### **Disclosure requirement (Chairperson, Non-executive/Independent Directors)**

The amount of remuneration paid to each non-executive/Independent Directors shall be disclosed in the Notes to the Accounts forming part of the Annual Financial Statements. In case no remuneration is paid during a year, the same shall be specifically disclosed.

### **Age and tenure**

The Company shall adhere to the age and tenure requirements of non-Executive Directors as outlined in the Master Circular on CG.

### **Part D. Remuneration policy for Non-executive Directors**

The remuneration payable to Non-executive Directors (NED) would be governed by the provisions of Master Circular on CG and the provisions of Companies Act, 2013 (as amended from time to time), and related rules to the extent it is not inconsistent with the provisions of the Insurance Act, 1938, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).

Considering the above, the permitted modes of remuneration for the NEDs would be in accordance with the following parameters:

### **Sitting fees and Travel expenses**

Sitting fees and travel expenses payable to the NED's shall be as per the limits specified under the Companies Act, 2013 (as amended from time to time) and as determined by the Company for attending each meeting of the Board or committee thereof.

### **Remuneration to Non-Executive Directors**

The NEDs excluding Chairperson would be entitled for remuneration subject to a maximum of ₹2,000,000 (Twenty Lacs) per annum and in accordance with the approval of the Board of Directors and the Shareholders from time to time, in compliance with the



provisions of Companies Act, 2013 (as amended from time to time), Master Circular on CG and regulatory prescriptions.

The Non-Executive Directors shall not be eligible for any equity-linked benefits.

### **Sitting Fees to Debenture Nominee Director**

The Debenture Nominee Director shall be paid sitting fees, expenses as payable to other directors on the Board and any other fees, commission, monies or remuneration in any form payable to the Non-Executive Directors.

### **Disclosure requirement (Chairperson, Non-executive/Independent Directors)**

The amount of remuneration paid to each Non-executive/Independent Directors shall be disclosed in the Notes to the Accounts forming part of the Annual Financial Statements. In case no remuneration is paid during a year, the same shall be specifically disclosed.

### **Age and tenure**

The Company shall adhere to the age and tenure requirements of non-Executive Directors as outlined in the Master Circular on CG.

### **Part E: Remuneration to Non-Executive, Non-independent Director**

The Non-executive, Non-independent Directors are not eligible for any sitting fees and remuneration.

### **Disclosure and accounting requirements (Non-executive/Independent Directors).**

The amount of remuneration paid to each Non-executive/Independent Directors shall be disclosed in the Notes to the Accounts forming part of the Annual Financial Statements. In case no remuneration is paid during a year, the same shall be specifically disclosed.

### **Age and tenure**

The Company shall adhere to the age and tenure requirements of non-Executive Directors as outlined in the Master Circular on CG.

## **III. Review**

The Policy would be reviewed annually by the Board Nomination and Remuneration Committee.