



## IDFC FIRST Bank Limited

### Remuneration Policy

(For the Non-Executive / Independent Directors)

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Revision History			
Version	Addendum Date	Revised by	Revision Description
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1.1	25-10-2017	HR	Review of policy
1.2	24-10-2018	HR	Review of policy
1.3	08-01-2019	HR	Review of policy
1.3	10-05-2019	HR	Review of policy
1.5	22-05-2020	HR	Review of policy

## REMUNERATION POLICY

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## A. Objectives of Remuneration Policy

The primary objective of this Remuneration Policy is to provide a framework for the remuneration of the Non-Executive/ Independent Directors of IDFC FIRST Bank:

## B. Principles for Remuneration

The principles for remuneration at IDFC FIRST Bank are guided by the organization's philosophy for enabling Non-Executive/ Independent Directors performance to achieve the organization's short term and long-term objectives, balanced with prudent risk taking and are in compliance with the RBI's Guidelines.

## C. Components of Remuneration

The key elements of remuneration of Non-executive / Independent Directors are as follows:

### (i) Commission to Non-executive / Independent Directors (other than the Part - time Chairperson)

- In accordance with the provisions of Section 197 of the Companies Act, 2013, the Non-executive / Independent Directors may be paid remuneration by way of commission, either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other, not exceeding 1% of the net profits of the Bank computed in the manner referred to in Section 198 of the Companies Act, 2013.
- As per the RBI's "Guidelines on Compensation of Non-Executive Directors of Private Sector Banks" dated June 1, 2015, payment of compensation in the form of profit related commission to the Non-executive / Independent Directors (other than the Part - time Chairperson), shall be subject to the Bank making profits. Such compensation, however, shall not exceed Rs.10 Lakhs per annum for each such director.
- In accordance with the above guidelines, since the Non-executive / Independent Directors collectively endeavour to ensure that the Bank performs well and is compliant with applicable laws, rules, regulations and guidelines, profit related commission can be paid to the Non-executive / Independent Directors (other than the Part - time Chairperson), subject to the approval of the shareholders, which shall in any case, be lower of the following:
  - ▶ 1% of the Net Profits of the Bank as computed in the manner laid down in Section 198 of the Companies Act, 2013 or
  - ▶ Maximum of Rs.10 Lakhs per annum to each of such Directors as per RBI's "Guidelines on Compensation of Non-Executive Directors of Private Sector Banks" dated June 1, 2015.

### (ii) Remuneration to Non-Executive Part-time Chairperson

The non-executive part time chairperson would be given a fixed remuneration along with admissible perquisites as per board's recommendation with the approval of the RBI in compliance with the provisions

of the Companies Act, 2013, the Banking Regulation Act, 1949 and RBI Circulars/ Guidelines/ Notifications/ Directions issues from time to time.

### **(iii) Sitting Fees and Other Expenses**

In addition to the above, Non-executive/ Independent Directors (including Non-Executive Part-time Chairperson) will be paid sitting fees, travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred and allowed to be reimbursed as per the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and RBI Circulars / Guidelines / Notifications / Directions issued from time to time.

### **(iv) D&O Policy**

The Non-executive/ Independent Directors will be covered under the Directors and Officers Liability Insurance (“D&O”) Policy.

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

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Circulars/Guidelines/Notifications/Directions, issued from time to time, shall be made with regard to the remuneration details of the Non-executive / Independent Directors.

## **E. Policy Review**

This Policy would be reviewed on an annual basis.

This Policy may be amended, modified or supplemented, from time to time, to ensure relevance to organization priorities, industry practices, market conditions and compliance with any amendment, modification or supplementation to the Companies Act, 2013 and rules thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 and rules / regulations / guidelines thereunder, RBI regulations / guidelines or any other law relating to employee / directors’ compensation issued from time to time. Any such amendment shall be proposed by the Managing Director & CEO of the Bank, which shall be confirmed at the next NRC meeting of the Bank held after such amendment.

The NRC may issue / implement such guidelines, procedures, formats and / or reporting mechanisms to enforce this Policy as it may deem fit.