



**IDFC FIRST Bank Limited**

**Remuneration Policy**

(For Non-Executive Part-time Chairman and Non-Executive Directors)

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## REMUNERATION POLICY

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## A. Objective of Remuneration Policy

The primary objective of this Remuneration Policy is to provide a framework for the remuneration of the Non-Executive Part-Time Chairperson (“PTC”) and Non-Executive Directors (“NEDs”) [including Independent Directors (“IDs”)] of IDFC FIRST Bank (“Bank”).

This Policy has been formulated in terms of section 178 (3) of the Companies Act, 2013 (“the Act”) and the rules made thereunder; Regulation 19 read with Para A of Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and circulars issued thereunder; the Banking Regulation Act, 1949 (“BR Act”) and directions/ circulars issued by RBI thereunder; the circular issued by the Reserve Bank of India (“RBI”) dated April 26, 2021 on ‘Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board’ (“RBI Circular”) read with RBI circular dated February 09, 2024 on ‘Review of Fixed Remuneration granted to NEDs’ (“Circular on remuneration to NEDs”) including any statutory modification(s) or re-enactment(s) thereof, for the time being in force collectively referred to as ‘Applicable Laws’.

## B. Principles of Remuneration for PTC and NEDs of the Bank

The principles of remuneration at IDFC FIRST Bank are guided by the organization’s philosophy for enabling the performance of the PTC and NEDs 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 and regulations as applicable.

## C. PTC: Terms and conditions of Appointment and Remuneration

The terms and conditions relating to the appointment and remuneration of the PTC of the Board, is governed in terms of the Act, Regulation 17 of the SEBI LODR, and sections 10B (1A) and 35B of the BR Act and shall be subject to the prior approval of the RBI.

### i. Tenure & Age

In terms of the RBI Circular, the total tenure of the Non-Executive Chairperson of the Bank, continuously or otherwise, on the Board of the Bank, shall not exceed 8 years. After completing his tenure of 8 years on the Board of the Bank, the Non-Executive Chairperson may be considered for being re-appointed on the Board of the Bank, after a minimum gap of 3 years. The upper age limit for Non-Executive Chairperson of the Bank will be 75 years and after attaining the age of 75 years no person can continue in said positions.

### ii. Remuneration

The PTC of the Bank would be given a fixed remuneration along with admissible perquisites as per Board’s recommendation, and approval of RBI and Shareholders, as applicable, in compliance with the Applicable Laws.

The Non-Executive Chairperson of the Bank shall be entitled to sitting fees for attending meetings of the Board and Committees, as approved by the Board of the Bank and within the overall limits as prescribed under the Act and RBI circular dated April 26, 2021 read with February 09, 2024.

In terms of regulation 17 (6) (a) of the SEBI LODR, all fees or compensation paid to NEDs shall require approval of shareholders in general meeting.

#### **D. Non-Executive Directors (except PTC): Terms and conditions of Appointment and Remuneration**

The terms and conditions relating to the appointment, including remuneration payable to the NEDs of the Bank, is governed under the Act, Regulation 17 of the SEBI LODR, and section 10A (2A) of the BR Act, read with relevant provisions of the RBI Circulars.

##### **i. Tenure & Age**

In terms of the RBI Circular, the total tenure of a Non-Executive Directors of the Bank, continuously or otherwise, on the Board of the Bank, shall not exceed 8 years. After completing tenure of 8 years on the Board of the Bank, the NED may be considered for being reappointed on the Board of the Bank, after a minimum gap of 3 years. The upper age limit for NED shall be 75 years and after attaining the age of 75 years no person can continue in said positions.

##### **ii. Remuneration**

As per RBI Circular, in addition to sitting fees and expenses related to attending meetings of the board and its committees as per extant statutory norms/ practices, the Bank may provide for payment of compensation to NEDs in the form of a fixed remuneration commensurate with an individual director's responsibilities and demands on time and which are considered sufficient to attract qualified competent individuals. However, such fixed remuneration for an NED, other than the Chair of the board, shall not exceed ₹ 30 lakh per annum (however in case of any change in the limits in this regard under applicable law/relevant RBI guidelines or any other remuneration or compensation including in different form being allowed under applicable law/relevant RBI guidelines, then payment of the fixed remuneration and/or such compensation at the highest of the then applicable limits in this regard under such applicable law/RBI guidelines, from time to time) and shall be subject to the approval of the Shareholders of the Bank, under the extant norms. The fixed remuneration may be paid to the NEDs (including IDs) of the Bank, even in case of inadequacy or absence of profits of the Bank, in any financial year, in accordance with Applicable Laws.

In terms of regulation 17 (6) (a) of the SEBI LODR, all fees or compensation paid to NEDs shall require approval of shareholders in general meeting.

##### **iii. Criteria for determining Fixed Remuneration**

NEDs are also designated as Chairperson/ Member of various Board Committees, as per the requirement and in compliance with extant norms. As part of succession process the Board also rotates Members of the Board between different Committees, from time to time and accordingly, all Board Members carry diverse and important responsibilities during their tenure with the Bank. Accordingly, fixed remuneration of similar amount may be paid to all the NEDs who are Members of the various Committees, as may be determined by the Board/ duly authorized Committee, within the overall limit of ₹ 30 lakh per annum as per the RBI Guidelines (however in case of any change in the limits in this regard under applicable law/relevant RBI guidelines or any other remuneration or compensation including in different form being allowed under applicable law/relevant RBI guidelines, then payment of the fixed remuneration and/or such compensation at the highest of the then applicable limits in this regard under such applicable law/RBI guidelines, from time to time).

- iv. In case any NED of the Bank, who is appointed or resigns or retires during the financial year, he/she would be paid fixed remuneration pro-rata to the number of days he/ she was a director during the said financial year.
- v. The NEDs (including PTC) will also be eligible for 'Credit card' of the Bank, or such other Loans as permitted under requisite statutory and regulatory provisions. The credit limit so granted is determined by the Bank by applying the same criteria as applied by it in the normal conduct of the credit card business.

**E. Other Expenses**

In addition to the above, NEDs (including PTC) may be paid, travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings of the Board/ Committees and such other expenses as are incurred and allowed to be reimbursed as per the Applicable Laws.

**F. Stock Options:**

The NEDs(including PTC) of the Bank shall not be entitled to the grant of Stock Options.

**G. Effective Date**

The payment of aforesaid Fixed Remuneration to NEDs (except PTC) shall be effective from April 01, 2021 and paid on annual basis (including payment of revised remuneration pursuant to change in the ceiling limit of the remuneration under applicable laws/RBI guidelines, from time to time), subject to deduction of tax at source and such other charges, as per extant income tax laws.

**H. D&O Policy**

The NEDs will be covered under the Directors and Officers Liability Insurance (“D&O”) Policy.

**I. Disclosures in the Board’s Report**

The disclosures as required under the relevant provisions of the Applicable Laws, shall be made with regard to the remuneration details of the NEDs.

**J. 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 applicable laws. 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.