

## **SUNDARAM HOME FINANCE LIMITED**

### **REMUNERATION POLICY**

Sundaram Home Finance Limited (hereinafter referred to as 'the Company') has, since inception, formulated performance based remuneration structures for its employees at all levels, so as to provide ample opportunity for inclusive growth, supported with adequate learning.

Accordingly, the remuneration structure is based on the qualification and skill levels at the time of joining the organisation and reviewed on a yearly basis by way of an assessment of their actual performance, through a robust "Performance Management System".

The components forming part of the compensation structure for each grade are designed to reward performance as well as to mitigate some of the location based hardships faced by the employees.

As per Section 178 of the Companies Act, 2013 read with the applicable rules thereto provide that the Nomination and Remuneration (NRC) Committee constituted by the Board, shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall also recommend to the Board a policy, relating to the remuneration for Directors, Key Managerial Personnel, Senior Management and other employees.

Further the Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs dated April 29, 2022, issued by the Reserve Bank of India mandates the NRC to oversee the framing, review and implementation of compensation policy of the company which should have the approval of the board.

Accordingly, the NRC Committee recommends the following Remuneration Policy of the Company so as to ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and is comparable to the compensation structure obtaining in other Companies and the broader financial sector.
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to working directors, key managerial personnel and senior management involves a balance between fixed and variable/incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The following policy shall be hereinafter referred to as "**Remuneration Policy of Sundaram Home Finance Limited**".

## Definitions

- a) **"Remuneration"** means any monetary benefit or its equivalent extended to any person for services rendered by him/her and includes perquisites as defined under the Income-tax Act, 1961.
- b) **"Key Managerial Personnel"** means:
  - i. Managing Director, Chief Executive Officer or Manager;
  - ii. Whole-Time Director;
  - iii. Chief Financial Officer;
  - iv. Company Secretary
- c) "Senior Management", defined by the Board of Directors and as may be modified from time to time, means
  - i) Chief Financial Officer, Chief Compliance Officer & Company Secretary and Chief Risk Officer and
  - ii) all executives of the Leadership Team directly reporting to the Managing Director.
- d) **"Employee"** will mean an employee who has been appointed on the rolls of the Company and has been issued an appointment order by the Company.

## II Board Diversity

It will be the endeavour of the Company to attract people to be on the Board of our Company as Directors from variety of backgrounds which are appropriate to the business interests of the Company. To this end, our Directors over the past decades have come from backgrounds as varied as automobile and allied industry, banking and other financial services including insurance, accounting and legal profession.

## IV Remuneration Pattern

The NRC Committee lays down the following remuneration pattern for Non-executive Directors, Independent Directors, Executive Directors, Key Managerial Personnel, Senior Management and other employees under the Remuneration Policy:

- 1. The remuneration payable to Non-Executive Directors and Independent Directors shall consist of:
  - a) Sitting fees for attending the meetings of the Board and sub-committees of the Board, within the limit prescribed under the Companies Act, 2013;
  - b) Commission for each financial year, within the limits specified under the Companies Act, 2013, as may be decided by the Board of Directors;

2. Reimbursement of expenses for attending meetings of the Board and sub-committees of the Board. The remuneration payable to Whole-time Directors, who are appointed based on Shareholders' approval, shall consist of:

- a) Salary, allowances, commission and perquisites;
- b) Commission for each financial year, as may be decided by the Board of Directors, based on the recommendations of the NRC Committee;
- c) Minimum Remuneration in any financial year, when the Company has no profits or its profits are inadequate, by way of salary, allowances, commission and perquisites not exceeding the limits specified in Part II of Section II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

The overall remuneration payable to Directors, including Executive Directors, shall be within the limits prescribed under Section 197 of the Companies Act, 2013 read with Schedule V.

3. The remuneration payable to Key Managerial Personnel, Senior Management and other employees of the company shall consist of:

- a) Salary, allowances, perquisites and variable components reflecting the short and long term performance objectives appropriate to the working of the Company, which are aligned to industry standards.

In the event of any violation of the Code of Conduct for Directors and Senior Management or instances of misconduct or breach of any law, the remuneration payable to Key Managerial Personnel and Senior Management shall be subject to such malus/clawback as may be decided by the NRC and Board of Directors, based on the recommendations of the Managing Director.

## **V Implementation of the Remuneration Policy**

The remuneration payable to Non-executive Directors and Independent Directors shall be determined by the Board of Directors, after taking into account their performance and contribution.

The Remuneration payable to Executive Directors shall be determined by the NRC Committee after taking into account their experience, qualification, responsibilities, contributions, performance and industry standards.

The Remuneration Policy of the Company, to the extent applicable to Key Managerial Personnel other than Executive Directors, Senior Management and other employees shall be monitored by the Managing Director, who shall take appropriate steps to ensure that the remuneration is commensurate with their experience, qualification, responsibilities, contributions, performance and industry standards.

The NRC Committee shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of the Remuneration Policy.