



Tata AIG General Insurance Company Limited

Remuneration Policy

Remuneration Policy for Directors, Key Managerial Personnel and Employees

Policy	Remuneration Policy
Policy Version	3.0
Prepared by	Secretarial & Legal Department
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1. PREAMBLE

The philosophy for remuneration of Directors, Key Managerial Personnel (“KMP”) and employees of Tata AIG General Insurance Company Limited (“Company”) is based on the commitment of fostering a culture of leadership with trust. This remuneration policy (“Policy”) is aligned to this philosophy.

The primary objective of this Policy is to provide a framework for the remuneration of the Directors, KMP and employees of the Company.

This Policy has been drafted pursuant to the provisions of Section 178 of the Companies Act 2013 (“the Act”) read with Rules framed thereunder and the IRDAI Guidelines on Remuneration of Non-Executive Directors, Managing Director / Chief Executive Officer / Whole-time Directors of Insurers (“IRDAI Remuneration Guidelines”). In case of inconsistency between the provisions of law and this Policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

This policy has considered the provisions laid down under Section 178 (4) of the Act, which are as under:

- 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;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short term and long term performance objectives appropriate to the working of the Company and its goals.

2. APPLICABILITY

This Policy shall be applicable and act as a guiding principle with regard to remuneration payable by the Company to its Directors, KMP and employees of the Company

3. REMUNERATION FOR INDEPENDENT DIRECTORS AND NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

- a) Independent directors (“ID”) and Non-independent non-executive directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits
- b) (i) Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee (“NRC”) and approved by the Board
(ii) Presently, Company pays sitting fees of Rs. 50,000/- per meeting for the Board, Committee meetings or meeting convened for any other purpose in the interest of business to those NEDs who are employees of any Tata Company. The sitting fees shall be subject to such other changes as may be suggested by the Tata Group from time to time. However, the sitting fees shall not exceed One Lakh rupees per meeting of the Board/ Committee. The sitting fees for independent and women directors shall not be less than the fees paid to other directors.
- c) Overall remuneration (sitting fees and commission) should be sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- d) Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay the remuneration
- e) Overall remuneration practices should be consistent with recognized best practices
- f) Quantum of sitting fees may be subject to review on a periodic basis, as required
- g) The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company’s performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. However, as per the IRDAI Remuneration Guidelines such profit related commission shall not exceed Rs.10 lakh per annum for each director excluding the Chairman. For the Chairman of the Board, the remuneration shall be decided by the Board of Directors of the Company.
- h) The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance at the meetings and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings
- i) In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/ Committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for its directors) and in obtaining professional advice from Independent advisors in furtherance of his/her duties as a director.

- j) The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:
- a) The services rendered are of a professional nature, and
 - b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession
- k) No remuneration shall be payable to common NEDs who are representing insurance agent or intermediary or insurance intermediary appointed in terms of section 48A of the Insurance Act, without prior approved of the IRDAI. However, Company is permitted to pay sitting fees as per applicable norms.

4. REMUNERATION FOR MANAGING DIRECTOR (“MD”)/ WHOLE TIME DIRECTOR (“WTD”) EXECUTIVE DIRECTORS (“ED”)/MANAGER/ CHIEF EXECUTIVE OFFICER (“CEO”)/

The extent of the overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the company attracts or companies to which the company losses talent)
 - Driven by the role played by the individual
 - Reflective of size of the company, complexity of the sector/ industry/ Company’s operation and the Company’s capacity to pay
 - Consistent with recognized best practices and
 - Aligned to any regulatory requirements
 - In addition to the above, in terms of the IRDAI Remuneration Guidelines, Company shall ensure that for the MD / CEO / WTDs Remuneration is adjusted for all types of risk,
 - Remuneration outcomes are symmetric with risk outcomes and
 - Remuneration payouts are sensitive to the time horizon of the risk
 - The mix of cash, equity and other forms of remuneration must be consistent with risk alignment
- a) Remuneration payable to MD/WTD / Manager/ CEO shall always be subject to prior approval by the shareholders of the Company and IRDAI.
- b) The remuneration mix of the MD/EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
- c) Basic fixed salary is provided to all employees including MD / ED / WTD / Manager to ensure that there is a steady income in line with their skills and experiences

- d) In addition to the basic/ fixed salary, the Company provides employees including MD / ED / WTD / Manager with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance
- e) The Company provides retirement benefits as applicable
- f) In addition to the above, and in line with the compensation best practices prevalent in the industry, other benefits such as Long Term Deferred Incentive Programs (cash/stock options), car loans and club facilities may be considered. These should be approved by NRC and the Board
- g) In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company provides MDs/EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board and also as prescribed under the IRDAI Remuneration Guidelines as amended from time to time.
- h) The Company provides for its employees including MD / ED / WTD / Manager a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company

5. REMUNERATION FOR KMP AND EMPLOYEES

The compensation philosophy of the Company is closely aligned with the Company's strategic objectives and aims at attracting and retaining the high performers. The philosophy is based on the underlying key principle of providing an attractive, flexible, and market-based compensation program that is tied to the role of the employee and also linked to performance of the Company and employee.

- Market and business considerations - Company periodically benchmarks with the companies into similar businesses and of comparable size, by participating in or by commissioning Compensation Benchmarking Surveys.
- Performance Oriented - The salary increase drives Pay for Performance philosophy i.e. higher increases for higher performance and no increase for low performance.
- Flexibility - The flexibility is provided within the compensation framework to enable managers differentiate among the employees, considering the relative performance and potential levels within same classifications.
- Job Description – All the roles at the Company has a job description with expectations from the position.

The remuneration, performance appraisal and rewards of KMP and employees, shall be in line with the stated business objectives.

The annual increments for the KMP (other than Whole Time Directors) and employees shall be linked to their overall performance and as decided by the Management.

Employees must conduct themselves to ensure that no breach is committed of the provisions of Code of Conduct, Company's Securities Dealing Code, Standard Operating Processes (SOPs) and all other relevant and applicable policies and codes. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

6. POLICY REVIEW, IMPLEMENTATION AND DISCLOSURES

- a) This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under and the IRDAI Remuneration Guidelines, as amended from time to time, or as may be otherwise prescribed by the Board from time to time
- b) This Policy shall be subject to annual review by the NRC and Board.
- c) The NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.
- d) The particulars of remuneration of Directors, KMPs and other employees, to the extent applicable will be disclosed in the Board's Report as required under the relevant provisions of the Companies Act, 2013 and the rules made there under and the IRDAI Remuneration Guidelines, as amended from time to time.