



## REMUNERATION POLICY

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**Dept** CS-28 **Policy no.**SPFSL/Policy No.48/CS-28 **Approval date** 26-05-2025

# Remuneration Policy

## Purpose

This remuneration policy provides a framework for the remuneration of the Board of Directors ("Board"), Key Managerial Personnel ("KMP"), and Management Personnel ("MP") of the Company (collectively referred to as "Executives").

It also outlines the process for identifying individuals qualified to become directors and senior management, and for recommending their appointments to the Board.

This policy has been framed by the Nomination and Remuneration Committee and approved by the Board of Directors.

The aim is to attract, retain, and motivate high-quality members for the Board and executives.

## Definitions

- 1. Key Managerial Personnel ("KMP"):** As defined under the Companies Act, 2013.
- 2. Management Personnel:** Personnel of the company excluding the Board of Directors, comprising levels of managerial personnel as decided from time to time.
- 3. Senior Management:** Members of the core management team excluding the Board of Directors, including all members of management one level below the executive directors, such as functional heads.

## Principles of Remuneration

- 1. Support for Objectives:** Remuneration frameworks and decisions should support and reinforce the achievement of the Company's objectives.
- 2. Transparency:** The remuneration process should be transparent, conducted in good faith, and maintain appropriate confidentiality.
- 3. Internal Equity:** Remuneration should reflect the roles and responsibilities within the organization, with positions formally evaluated for their relative weight.
- 4. External Equity:** The Company aims to offer equitable remuneration to attract and retain high-quality personnel, mindful of external remuneration pressures.
- 5. Flexibility:** Remuneration offerings should be flexible to meet the needs of both individuals and the Company, while complying with relevant legislation.
- 6. Performance-Driven Remuneration:** The Company promotes a culture of performance-driven remuneration.
- 7. Affordability and Sustainability:** Remuneration should be affordable and sustainable.

## Compensation Structure

Executives, unless otherwise decided by the Committee, shall receive a competitive remuneration package consisting of:

## Remuneration to Non-Executive Directors

Non-Executive Directors may receive remuneration through fees, expense reimbursements for participation in meetings, commissions, and other payments as permitted by law, subject to the provisions of the Companies Act, 2013.

- **Fixed Salary:** Rewards day-to-day job performance, comprising basic salary and allowances as per Company rules.
- **Personal Benefits:** Access to benefits/perquisites as per Company rules, including retirement benefits like provident fund and gratuity.

## Criteria for Identification of Board Members and Appointments of Senior Management

Board members should possess appropriate skills, qualifications, characteristics, and experience, with a diverse background in areas such as business, government, academics, technology, human resources, social responsibilities, finance, and law.

Independent Directors should have integrity, expertise, and experience, contributing to the Company's growth, philosophy, and strategy.

The Committee evaluates individual Board members based on their understanding of the Company's business dynamics, global business, social perspective, educational and professional background, and personal achievements.

Directors should have high personal and professional ethics, integrity, and values, balancing the interests of all stakeholders. They must be willing to devote sufficient time and energy to their duties and work effectively as part of a team.

Senior management candidates should have adequate qualifications, characteristics, and work experience, with high personal and professional ethics, integrity, and values. Preference may be given to existing employees, considering their past performance.

## Amendments to This Policy

The Nomination and Remuneration Committee may amend this policy, including discontinuing one or more incentive programs introduced under this policy.

## Approval and Publication

This remuneration policy, as framed or amended by the Committee, shall be recommended to the Board of Directors for approval. It shall be disclosed in the Director's report as required by the Companies Act, 2013.