

COMPREHENSIVE REMUNERATION POLICY

Version 4.00

Recommended for review and approval

SD/-

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Chief of H.R & Accounts

Axis Trustee Services Ltd.,

Approved by Board of Directors/Committee

On: - 10.01.2025

SD/-

Deepa Rath

MD&CEO

Authorized Signatory

Version History

<u>Version</u>	<u>Review Date</u>	<u>Policy Owner</u>	<u>Authored by</u>	<u>Reviewed/ Proposed by</u>	<u>Approved by</u>	<u>Change description</u>
1	January 14, 2022	H. R Department	Secretarial Dept.,	Chief of HR & Accounts and MD & CEO	Board	Adoption of the Policy
2	January 15, 2023	H. R Department	Secretarial Dept.,	Chief of HR & Accounts and MD & CEO	Board	Review
3	January 15, 2024	H. R Department	Secretarial Dept.,	Chief of HR & Accounts and MD & CEO	Board	Review and alignment
4	January 10, 2025	H. R Department	Secretarial Dept.,	Chief of HR & Accounts and MD & CEO	Board	Alignment with Bank Policy

1. INTRODUCTION AND PHILOSOPHY

Axis Trustee Services Limited's ("ATSL or the Company") remuneration practices are underpinned by principles of meritocracy and fairness. ATSL strives to ensure that the compensation systems are in line with emerging compensation guidelines.

This policy seeks to:

- i. Ensure the linkage of compensation with individual performance as well as alignment with the Company's corporate objectives.
- ii. Reinforce a culture of meritocracy and differentiate and reward performance.
- iii. Balance to the mix of Fix and Variable pay to appropriately reflect the value and responsibility of the role performed on day-to-day basis
- iv. Ensure the policy is consistent with and promotes the Company's commitment to compliance and control.
- v. Ensure reasonable and fair rewards administration, in alignment with best governance & regulatory aspects.

2. COVERAGE

This policy provides the remuneration guidelines for:

- i. Managing Director (MD) & Chief Executive Officer (CEO), and Whole time Director (WTD) and
- ii. Non-executive Director
- iii. Senior Management and other Employees of the Company

3. GENERAL PROVISIONS RELATED TO APPOINTMENT AND REMUNERATION OF DIRECTORS:

A. Appointment:

- i. The terms and conditions relating to the appointment and re-appointment of the Directors shall be governed by the Group Governance Framework of Subsidiaries provided by Axis Bank and other applicable provisions of the Companies Act, 2013 and rule made thereunder as amended from time to time.
- ii. Managing Director and Whole Time Director shall be appointed for a period not exceeding five years. The tenure may be extended for such further period, as may be recommended by the MANCOM of the Bank and approved by the Human Resource and Remuneration Committee and Board of ATSL, subject to the overall age limit of 70 years.
- iii. An Independent Director (if applicable and appointed) shall hold for a maximum of 2 terms of 5 consecutive years each, on the Board of the Company and will be eligible for re-appointment on passing of special resolution by the Company and disclosure of such appointment in Board's Report.
- iv. The overall age limit for appointment/ re-appointment of a Non-Executive Director on the Board of ATSL, shall be maximum 75 years.

- v. The total tenure of a Nominee Director (who is not an employee of the Bank) continuously or otherwise, shall be for a maximum period of 10 years (two consecutive terms of up to four years each). The Non-Executive (Nominee Director) Director may be considered for re-appointment on the Board of the Bank, only after a minimum gap of 3 years. The total tenure of a Nominee Director (who is an employee of the Bank) shall be up to the date of his separation from the services of the Bank or for such extended period(s) as may be decided by the MANCOM of the Bank, subject to the overall age limit of 75 years.

B. Remuneration

- i. The terms and conditions relating to the remuneration payable to the Director shall be governed by the Group Governance Framework provided by Axis Bank and other applicable provisions of the Companies Act, 2013 and rule made thereunder as amended from time to time.
- ii. The remuneration to directors will be determined by the Human Resource and Remuneration Committee and recommended to the Board for approval.
- iii. Increase to the existing remuneration / compensation structure may be recommended by the Human Resource and Remuneration Committee to the Board which shall be within permissible limits as prescribed under the Companies Act, 2013 and rules made thereunder. Such Increase/ revision shall also require the approval from the shareholders, if applicable.

4. REMUNERATION OF NON-EXECUTIVE DIRECTORS, MANAGING DIRECTOR & CEO, WHOLE TIME DIRECTOR, AND OTHER EMPLOYEES OF THE COMPANY:

A. Non-Executive Directors (NEDs)

- i. The NEDs would not be entitled to remuneration or profit related commission.
- ii. The NEDs shall be entitled to reimbursement of expenses for attending the meeting of Board & Committees and such other expenses, incurred by them in discharge of their duties for the Company.
- iii. Subject to approval of Human Resource & Remuneration Committee and the Board, the NED shall be entitled to receive fees for attending meetings of Board or the Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount payable for attending the meetings of the Board or Committee, as provided in the Companies Act, 2013.

B. Executive Directors (Managing Director & CEO and Whole time Director)

The terms and conditions relating to the appointment including remuneration of the Managing Director & CEO/ Whole-time Directors of the Bank and its revision will be considered by the Nomination and Remuneration Committee and recommended for the approval of Board. The remuneration for MD & CEO and WTD or any other ED shall be within the limits as per section 197 and schedule V and other applicable provisions of the Companies Act, 2013

Fixed pay

The fixed portion of compensation for MD & CEO and other Whole Time Directors shall be reasonable, taking into account all relevant factors including adherence to statutory requirements and industry practice.

All the fixed items of compensation, including the perquisites constitute 'Fixed Pay'.

- i. a) Monthly fixed salary
- ii. Basic salary
- iii. All cash allowances
- iv. Other allowances and perquisites as may be decided by the Board of Directors of the Bank, from time to time.

Retiral Benefits

- i. Retiral Benefits As per Employment Terms

Variable Pay:

- i. As decided by the Board basis recommendation from Nomination and Remuneration Committee from time to time based on the bell curve

Compensation Revision Cycle:

- i. Annual Revision in Compensation to be followed as per defined process.

C. Other key Persons, Senior Management & Other Staff

The terms of appointment and the overall remuneration guidelines & budget for other staff would be decided by the Board basis recommendation from Human Resource & Remuneration committee. The Salary structure will constitute as a combination of the following heads:

Fixed pay

- ii. Basic Pay
- iii. Fixed/ Cash Allowances / Other allowances & Perquisites as applicable

Retiral Benefits

- iv. As per Employment Terms

Variable Pay:

- v. a. The variable pay will be approved by the Board and Human Resource and Remuneration committee from time to time and will take organisation and individual performance into consideration.
 - b. The annual Variable pay shall be at the completion of the annual appraisal cycle to the employees basis their performance rating. A minimum Performance rating (MP) shall be applicable for an employee to receive annual Variable Pay.
 - c. The amount paid shall be pro rated for the number of days worked in the FY , in roles eligible for annual Variable Pay

d. In order to drive a strong risk and compliance culture in the Company , the payout of the annual Variable Pay may be held back / reduced / cancelled basis the inputs from Disciplinary Action Committee or as the outcome of an adverse finding observed within any of the Company's ongoing monitoring mechanism

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Periodic Variable Pay

a. Employees in certain sales/ relationship management roles may be covered under periodic variable pay plans.

b. The final payout under such plans shall depend on a cumulative outcome of performance across multiple BSC parameters / KRAs rather than a single parameter. The BSC Parameters/KRAs for which the outcomes/scores are not available in the frequency matching that of the payout may be excluded for determination of periodic variable pay.

c. Each of these periodic variable pay plans shall have the following characteristics:

i) Minimum threshold for payout – Akin to the criteria surrounding minimum performance rating in case of annual variable pay plans, there shall be a minimum performance threshold required for periodic variable pay.

ii) No element in the plan shall be in the form of commission (i.e. payouts which follow a linear scale and are on a per unit basis)

iii) The computation of the quantum of periodic variable pay shall be conducted by a team independent to the team for which the periodic variable pay is being run.

iv) In order to drive a strong risk and compliance culture at the bank, similar to annual variable pay, the periodic variable pay amounts may be held back/reduced/cancelled in case of compliance/disciplinary issues, including but not limited to proven instances of missell, proven customer complaints. Further, given the higher frequency of payout, sample-based checks for shall be performed to check for instances of misconduct, policy violation, excessive risk taking etc., including checks before performance attribution

d. The final payout shall be basis individual and business performance and usually paid at a higher frequency than the annual variable pay.

e. Employees covered under periodic variable pay plan shall not be eligible for annual variable pay for the duration that they are covered under periodic variable pay.

Compensation Revision Cycle

vi. Other Employees will be eligible for annual Revision in Compensation.

5. REVIEW:

This policy shall be reviewed annually by the Human Resource & Remuneration Committee and Board of Directors pursuant to any change to the applicable provisions of the Companies Act, 2013 and rule made thereunder as amended from time to time.
