



CREDITACCESS GRAMEEN LIMITED

COMPENSATION POLICY FOR ALL EMPLOYEES OTHER THAN DIRECTORS, KMPS & SENIOR MANAGEMENT

Revision History

Version	Author	Description of Changes	Release Date
1	Marina Alex – DGM, Human Resources	First version	March 23, 2022
2	Manian R H S, Head, Human Resources	<ul style="list-style-type: none"> - On remuneration to Directors, KMPs and Senior Management, a reference has been given to the Company's policy, framed under RBI guidelines on 'Compensation of Directors, Key Managerial Personnel and Senior Management'; - As the provision on 'Malus and Clawback' of compensation is applicable only to Directors, KMPs and Senior Management, reference to same has been removed from the policy and incorporated in the Company's 'Compensation policy for Directors, Key Managerial Personnel (KMPs) and Senior Management' 	February 07, 2023
2	Manian R H S, Head, Human Resources	Re-adoption	April 01, 2024

Version	Author	Reviewed by	Approved by
1	Marina Alex DGM, Human Resources	MD & CEO	Board of Directors
2	Manian R H S, Head, Human Resources	MD & CEO	Board of Directors
2	Manian R H S, Head, Human Resources	Managing Director	Board of Directors

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COMPENSATION POLICY FOR ALL EMPLOYEES OTHER THAN DIRECTORS, KMPS & SENIOR MANAGEMENT

Introduction:

CreditAccess Grameen Limited (“CA Grameen”) strives to ensure that employees are compensated equitably and without gender discrimination. We believe that Compensation and benefits have long been key drivers in recruiting, attracting, and retaining employees while adhering to appropriate regulations and disclosure rules.

The Policy guarantees that:

- All employees are compensated equitably and without gender discrimination.
- CA Grameen is committed for compensating staff in a manner that is fair, consistent, reflective of the external market, and provides recognition for the achievement of individual goals, organisation objectives and professional competency.

Scope of the policy:

This covers all the employees of CA Grameen. As regards to remuneration of the Directors, Key Managerial Personnel and Senior Management, Company’s ‘Compensation policy for Directors, Key Managerial Personnel (KMPS) and Senior Management’, including the amendments if any from time to time, shall be referred.

Approach:

The Company has historically followed prudent compensation practices under the guidance of the Board and the Remuneration Committee. The Company’s approach to compensation is based on the ethos of meritocracy and fairness within the framework of prudent risk management. The Company follows the cost to company approach while determining the compensation structure. The output from the performance management system and talent management system serves as the inputs for administration of the Compensation Policy.

Overview of Compensation and Benefits:

1. Financial Benefits
 - I. Direct Benefits (Salary, Incentives, Statutory & Performance Bonus)
 - II. Indirect Benefits (Insurance/ Leave/ Gift/ Allowance/ Reimbursement/ Travel/ Retirement benefits etc.)
2. Non-financial Benefits
 - I. Job Position (Challenging/Interesting//Creativity/Recognition)
 - II. Work Environment (Safe Working Environment/Supportive co-workers/Supportive Management/2 days weekly off: Saturday & Sunday)

Compensation Structure:

To meet the organisation objective of attracting, rewarding, and retaining talent, compensation is delivered through a holistic composition of instruments as given below:

1. Annual Cost to the Company (CTC) which includes both cash and non-cash components
2. Variable Pay
3. Long-term Incentive
4. Non-cash Benefits and,
5. Guaranteed bonus

The compensation structure shall be reviewed by the management based on market trends and the Company strategy from time to time. The compensation budget shall be based on projected business targets, staffing requirements and desired profitability ratios. The compensation structure shall be a prudent mix of fixed pay and variable pay.

1. Annual Cost to the company (CTC)

- A. The **CTC** consists of various components including basic salary, allowances and retinals.
- B. **Allowances** include a basket of components including house rent allowance, education allowance, car cost allowance, leave travel allowance, meal allowance, gifts, & national pension scheme (for applicable employees) or any other allowance(s) introduced from time to time.
- C. **Retinals** include statutory contributions such as Employer's contribution to Provident Fund, Gratuity, Superannuation and NPS employer. The basic salary is determined as a fixed percentage of the CTC to the maximum extent possible, thereby ensuring prudent management of the compensation structure.

2. Variable Pay

The variable pay serves as an effective instrument for managing employee costs in line with business cycles whilst simultaneously reinforcing a meritocratic performance culture. The variable pay for field frontline employees is given in the form of quarterly incentives. Incentive pay-outs are based on individual performance targets. The details of the incentives are:

A. Incentives

Staff in field up to Area Manager Level are eligible for incentives as per policy. All the loan officers with more than 1 month of service are eligible for the incentives.

B. Annual Performance Bonus

All employees of the Company are eligible for the Annual Performance Bonus. The APB is dependent on individual performance and the organisation performance for the financial year.

The performance rating assigned is based on assessment of performance delivered against a set of defined performance objectives.

The performance on ESG parameters is inherent in the performance objectives discussed above –

1. Focus on customer engagement, customer retention and employee centric work culture leading to superior and consistent serviceability
2. Focus on process improvement leading to increase in operational efficiency through efficient usage of available resources
3. Focus on strong governance and compliance through intensive internal audit and risk control measuring the process adherence and risk incidents both at branches and head office
4. Investment in CSR activities, aligned with the overall profitability of the company

Also, statutory bonus is paid to eligible employees as per the Payment of Bonus Act.

3. Long-term Incentives

The Company's long-term incentive schemes are designed to encourage institution building among employees. Long-term incentive will be administered through the Company's employee stock option scheme and such other benefits as may be approved from time to time.

4. Non-cash benefits

Non-Cash Benefits are provided to employees to supplement rewards and meet the non-financial and other requirements and are linked to their level in the organisation which inter-alia include the following and any other such benefit introduced from time to time:

1. Hospitalisation insurance for employees and dependents
2. Group term insurance for employees
3. Personal accident insurance for employees

5. Guaranteed / Joining bonus

Joining or sign-on bonus shall be paid in exceptional cases to attract talent and guaranteed bonus can be paid to retain critical talent of the Company.

Review of Compensation & Benefits Practices:

The Managing Director, CEO and Head of Human Resources shall be responsible for execution of the compensation strategy and plan (covering both fixed pay and variable pay) for the Company in line with the Compensation Policy. Decisions pertaining to annual increments, performance bonus, long-term incentive (stock option grants/long-term reward), shall be presented to the NRC for approval. Further, all remuneration, in whatever form, payable to KMPs shall be recommended by NRC to the Board.

Review of prevalent and emerging market trends:

Emerging market trends constitute an important input to compensation decisions. It is therefore of prime importance to capture and develop a thorough understanding of market dynamics with respect to compensation trends. The Company can initiate benchmark surveys by chosen consultants / self-initiated surveys, as and when required.

Review of organisation priorities and employee needs:

The Human Resources function engages on an ongoing basis in understanding the changing organisation priorities and the interrelations, if any on the compensation decisions of the Company. Through various channels and platforms, the function engages to understand employee needs with reference to compensation and benefits and to assess the efficacy of the current model.

Reviews of key processes such as increments, performance bonus, long term incentives and promotions at various levels are carried out on a periodic basis.

Review of the Policy:

The policy will be subject to review by the senior management team as and when necessary, followed by approval from the Board in case of any modifications.
