

MAX FINANCIAL SERVICES LIMITED

NOMINATION AND REMUNERATION POLICY

Preamble

In terms of Section 178 of the Companies Act, 2013 (“the Act”) and Regulation 19_of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time-to-time, the Nomination & Remuneration Committee (“NRC”) of Directors of the Company shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel (“KMP”), Senior Management and other employees.

“Key Managerial Personnel” (KMPs) shall be as defined in the Act and Listing Regulations and shall include Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer and Company Secretary.

“Senior management” shall be as defined in the Listing Regulations and shall include officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/ managing director/ whole time director/ manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Appointment Criteria and Qualification

It is the responsibility of the NRC to develop competency requirements for the Board based on the industry and strategy of the Company. For this purpose, the NRC shall identify and ascertain the integrity, qualification, expertise and experience of the proposed appointee, conduct appropriate reference checks and due diligence before recommending him /her to the Board.

For the appointment of KMPs [other than Managing Director/ Whole time Director/Manager/CEO], Senior Management and other employees, a person should possess adequate qualification, expertise and experience for the position, he / she is considered for the appointment.

Remuneration Policy

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice. This Policy has been adopted in accordance with the requirements of Section 178 of the Act with respect to the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management.

Objective

Attract, motivate, and retain key talent by enabling sustenance of a high-performance culture with differentiated rewards for high performers who live by the values of the Company.

The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

Applicability

This Policy applies to full time employees of the Company including KMPs, Senior Management and Executive Directors.

Guiding principles

Our compensation programs, practices and policies are reviewed and re-evaluated periodically.

Remuneration linked to level of job responsibility, individual performance and company performance

- At higher levels of responsibility where direct imprint on business results and strategy is higher an increasing proportion of pay will be linked to business performance and creation of shareholder value
- Strong differentiation in fixed pay increases and variable pay for top performers
- With a view to balancing the twin objectives of pay-for-performance and retention, the programs would ensure retention and motivation of high performers

Balance long-term focus linked to shareholder value and short-term financial objectives

- Equity-based remuneration would be higher for those at higher levels of responsibility and influence on long-term results
- Annual variable pay as a reward for achievement of short-term performance goals that support and ensure long-term success

Reflect value of job in the marketplace

- Remain competitive with the pay of other employers who compete with us for talent in the relevant markets to attract and retain a highly skilled workforce
 - **Fixed Pay increase:** Top performers would receive 1.5 to 2 times the increase awarded to performers who meet expectations
 - **Annual Variable Pay:** Top performers would receive 2 times the rate of variable pay for performers who meet expectations
 - **Award of Long Term Incentives / ESOPs:** Taking into account individual performance, potential, criticality of the role / individual for the Company, relative market worth & assessed retention value, inputs from the management team, the MD would recommend award of ESOPs

Performance Management & Remuneration

- Remuneration decisions are based on the outcomes of the annual performance review process, based on the G & M framework. The performance evaluation process has four key steps – Self Evaluation, Manager Evaluation, Potential / Readiness Assessment and Developmental Planning
- Performance is assessed at two levels – Goals (G Review) and Competencies (M Review)
- G Rating determines Variable Pay, M Rating determines Fixed Pay increase
- Performance ratings are normalized in cohorts to adhere to an overall normal distribution

Potential, Development & Readiness

- Performance Review, Career Aspirations - Feb. / March
 - Individual and manager discussions
- Multi rater feedback - July
 - Feedback for individuals using a 360° survey process once in 2 years
 - Annual Engagement survey providing feedback on organization and people managers
- Development Planning & Mid-year performance review - Sept.
 - Basis performance review discussions, inputs from Hogan assessment & 360° feedback
 - Organization wide Talent and Succession planning & review – October / November
 - In-depth functional planning & review including inputs from 360°, engagement survey, supervisor, peer feedback, development planning
 - Organization-wide consolidation
- The above is a key input for the annual & long-term strategic business planning in December/January.
