

### **Remuneration policy for non-Executive Directors**

The remuneration payable to non-executive/independent Directors ('NEDs') of ICICI Bank Limited is governed by the provisions of Banking Regulation Act, 1949, RBI guidelines issued from time to time and the provisions of the Act and its applicable rules to the extent it is not inconsistent with the provisions of the Banking Regulation Act, 1949/RBI guidelines. The Company, being a subsidiary of ICICI Bank Limited, has adopted practices on these lines with respect to remuneration payable to non-executive/ independent Directors of the Company.

Considering the above, the permitted modes of remuneration for the NEDs, would be sitting fee for attending each meeting of the Committee/Board as approved by the Board from time to time and profit related commission, within the limits as provided under the Act and related rules thereunder.

All the non-executive Directors/independent Directors would be entitled to reimbursement of expenses for attending Board/Committee meetings, official visits and participation in various forums on behalf of the Company.

#### **Profit related Commission.**

The NEDs would be entitled for profit related commission, in compliance with the provisions of the Act (as amended from time to time) and other applicable law.

#### **Disclosure**

The Company would make the requisite disclosure on remuneration paid to NEDs in the Annual Financial Statements.

#### **Review**

The Policy would be reviewed annually by the NRC.

## **Compensation Policy of the Company**

### **Preface**

Section 178 of the Companies Act 2013 lays down requirement for the Nomination and Remuneration Committee to recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

The objective of the Compensation policy is to ensure that -

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees 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, key managerial personnel and senior management involves a balance between fixed pay and variable pay and long-term incentives in accordance with short-term and long-term performance objectives of the Company and its goals.

In the above context, the Company's Compensation Policy is given below.

## **COMPENSATION POLICY**

ICICI Securities Limited (the Company) has historically followed prudent compensation practices under the guidance of the Nomination and Remuneration Committee (the BNRC or the Committee). The Company's approach to compensation is intended to drive meritocracy within the framework of prudent risk management, compliance and governance. Compensation is linked to Company's performance, respective business unit's performance and individual employee's performance and/or potential.

### **Compensation philosophy**

**Compensation Structure:** Compensation paid will be aligned to both financial and non-financial indicators of performance including parameters like compliance and process perspective. To meet the Company's objective of attracting, rewarding and retaining talent, compensation will be delivered through a prudent mix of components as given below:

#### **1. Fixed Pay and Perquisites**

- 1.1. The fixed pay budget of the Company will be based on projected levels of business and staffing requirements, revenue generation and financial plans.
- 1.2. The Company will have a judicious and prudent approach to compensation and will not use compensation as the sole lever to attract and retain employees. Employee compensation will take into account a mix of external market pay and internal equity.
- 1.3. Fixed pay will include basic pay, allowances, and contribution towards retirals. Retirals include statutory contributions such as Employer's contribution to Provident Fund and Gratuity.
- 1.4. Perquisites will include cash and non-cash benefits such as insurance, club memberships, corporate car, and reimbursable benefits like employee's children education scholarship scheme, employee's children special care needs etc.

#### **2. Variable Pay**

- 2.1. The variable compensation will consist of performance bonus and sales incentive as is applicable to different roles. Any long term pay in the nature of cash and share-linked

instruments (including stock options/ restricted units/ Stock Appreciation Rights or others) will be excluded from the components of variable pay.

- 2.2. The variable pay for sales frontline employees will mostly be in the form of sales incentives. Sales incentive payouts are based on individual performance targets as may be defined from time to time. The principles guiding the sales incentive payout shall be ratified jointly by the Head - Human Resources and respective Business Heads of the Company and approved by the Managing Director & CEO of the Company.
- 2.3. Variable pay for non-sales frontline employees and employees in the management/supervisory levels will be granted in the form of annual performance bonus. The annual performance bonus will be based on employee's performance on assessment of individual performance delivered against a set of defined performance objectives & /or performance achievement of the business unit and overall performance achievement of the Company. These objectives will be balanced in nature and will comprise of a holistic mix of financial and non-financial parameters as may be deemed fit from time to time. The performance bonus will be paid as a percentage of fixed pay without retirals and the payout rates for performance bonus for any financial year will be subject to approval by the Committee. The Managing Director & CEO and Head – Human Resources will jointly execute the distribution of the performance bonus grant subject to the Committee approval.
- 2.4. The quantum of bonus for the Managing Director & CEO and Whole-time Directors will not exceed 70% of the total fixed pay without retirals in a financial year. If the quantum of cash bonus is greater than or equal to Rs. 25 lacs, 50% of the bonus will be paid upfront and the balance will be equally deferred over next three years.

### **3. Long Term Incentive Plan (LTI):**

- 3.1. The Company's long-term pay schemes are designed to encourage institution building, enabling employees to participate in the long-term growth and financial success of the Company, motivation and retention among employees. Long-term pay may be administered either through cash and/or share-linked instruments (including stock options/ restricted units/ Stock Appreciation Rights or others). The Managing Director

& CEO and Head – Human Resources will jointly execute the distribution of the LTI grant subject to the Committee approval.

- 3.2. The vesting of Long Term Incentives (LTI) will be normally spread over a period of three years or more.
- 3.3. LTI in case of employee separation on account of retirement (including pursuant to any early/ voluntary retirement scheme) continues to vest in the normal schedule as specified in the LTI grant to the employee. In case of employee's death or permanent disability, whole of the deferred LTIP shall immediately vest in the employee's successor/ nominee or the employee as the case maybe.
- 3.4. LTI in case of employee transfer to a Group Company continues to vest in the normal schedule as specified in the LTI grant to the employee. Further, if such employee transferred to a group company exits the group other than the situations mentioned in the point no 3.3. above; such unvested LTI's will lapse.
- 3.5. All grants made under the Employee Stock Option Scheme (ICICI Securities Limited Employees Stock Option Scheme – 2017) – ESOS - 2017 and under the Employee Stock Unit Scheme (ICICI Securities Limited Employees Stock Unit Scheme – 2022) – ESUS-2022 will be governed by the respective scheme details.
- 3.6. Eligible Employees and/ or WTDs who may be granted Stock Options under the ICICI Bank's Employees Stock Option Scheme (ESOS), will be governed by the Scheme details of ICICI Bank's ESOS for all such grants. If the Participant's employment is terminated by the Company for the Cause, the participant's vested Options, to the extent then unexercised, shall thereupon cease to be Exercisable and shall lapse and stand terminated and expired forthwith.

#### **4. Malus and Claw back:**

- 4.1. Grants made effective April 2023, under Cash LTI, Employee Stock Unit Scheme (ICICI Securities Limited Employees Stock Unit Scheme – 2022) – ESUS -2022 and Employee

Stock Option Scheme (ICICI Securities Limited Employees Stock Option Scheme – 2017) – ESOS -2017 will be subject to malus and clawback.

- 4.2. Acts of gross negligence and integrity breach shall be covered under the purview of the compensation policy. Errors of judgment shall not be construed to be breaches under this policy.
- 4.3. The Company may decide to apply Malus and / or Clawback on part or all of the LTI including unvested/ vested/exercised/paid portions. Due process including inquiries or investigations as required and/or adherence to principles of natural justice are ensured prior to conclusion on the above events of breaches and which would form the basis of decisions.
- 4.4. Clawback in relation to LTI applies for the balance length of service/employment of the concerned person with the Company, shall survive the resignation, retirement, early retirement or termination of the concerned person and be applied for the Deferment Period as applicable to LTI. This is in addition to and without contradicting the existing clauses in the ESUS – 2022 or ESOS-2017 schemes that specifies lapsing of grants including vested stock units/options for terminated (including terminated for cause) or exiting employees applicable for grants made in terms of the ESUS-2022 or ESOS-2017 Schemes from time to time.
- 4.5. All employees to whom LTI grants will be made will be required to sign malus & clawback agreements for the units/cash granted to them.
- 4.6. In addition, Variable Pay (performance bonus) of Managing Director & CEO and other Whole-time Directors (WTDs) will also be subject to malus & clawback. In respect of Clawback for performance bonus granted effective April 2023, clawback shall be applied for the Deferment Period as applicable in terms of this Compensation Policy and shall survive the resignation, retirement, early retirement or termination. WTDs will be required to sign malus & clawback agreements for the variable pay granted to them.

**5. Other key points:**

- 5.1. Guaranteed bonus: Guaranteed bonuses are not consistent with the principles of meritocracy and the Company will not encourage any kind of guaranteed bonus. Joining or sign-on amount will occur in the context of hiring a new employee.
- 5.2. The Committee may review the compensation policy annually in line with the strategy adopted by the Company and the changing market dynamics.