

**NOMINATION AND REMUNERATION POLICY
Max Life Pension Fund Management Limited**

I. PREAMBLE

- 1.1 Max Life Pension Fund Management Limited (“**Company**”) has in place a Nomination and Remuneration Committee (“**Committee**”) which shall at all times comprise 3 (Three) or more non-executive Directors, of which at least half shall be Independent Directors, as required under section 178 of the Companies Act, 2013 as amended from time to time (“**Companies Act**”).
- 1.2 This Nomination and Remuneration Policy (“**Policy**”) has been prepared in compliance with the applicable provisions of the Companies Act and the PFRDA Act, 2013 and the Regulations made thereunder as amended from time to time (“**Applicable Laws**”).
- 1.3 The Policy will be reviewed annually or as may be required to ensure alignment with statutory and regulatory requirements.
- 1.4 In case of any deviation between the provisions of this Policy and Applicable Laws, the latter shall prevail.

II. DEFINITIONS

“**Board**” means Board of Directors of the Company.

“**Company**” means Max Life Pension Fund Management Company Limited.

“**Director**” means a director appointed to the Board of the Company.

“**Manager**” means a manager as defined under the Companies Act.

“**Independent Director**” means a director referred to in Section 149(6) of the Companies Act as amended from time to time.

“**Key Management Personnel**” or “**KMP**” means:

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under the Companies Act

“**NRC**” or “**Committee**” means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company, in accordance with the provisions of Section 178 of the Companies Act.

“**Other employees**” means all full time employees of the Company excluding MD/ CEO/ WTD/ Managers and KMPs.

“**Policy**” means this Nomination and Remuneration Policy.

“**Remuneration**” means any money or its equivalent/ benefit/ amenity/ perquisite given or passed to any person for services rendered by him/ her and includes perquisites as defined under the Income-tax Act, 1961.

III. GUIDING PRINCIPLES/ OBJECTIVES

The objective of the Policy is to provide an overall framework for the Remuneration of the Directors, KMPs and other employees of the Company. In this regard, the Policy seeks to ensure that:

- (a) there is effective governance of Remuneration by active Board oversight;
- (b) there is effective alignment of Remuneration to prudent risk taking and that the Remuneration does not induce excessive or inappropriate risk taking that could be detrimental to the interests of the business and its stakeholders;
- (c) the level and composition of Remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs and other employees having the quality required to run the Company successfully;
- (d) The interests of Executives are aligned with the business strategy, risk tolerance and adjusted for risk parameters, objectives, values, culture and long term interests of the Company;
- (e) Relationship of Remuneration to performance is clear, meeting appropriate performance benchmarks and consistent with the "pay-for-performance" principle;
- (f) Remuneration involves a balance between fixed and variable pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals.
- (g) The remuneration and other benefits of the KMPs and other team members who are deputed by Max Life Insurance Company Limited (“**MLIC**”), the sponsor and holding company of the Company and are on the payroll of MLIC shall be determined as per the prevailing policies of MLIC.

IV. ROLE OF THE COMMITTEE

The role of the Committee shall be to ensure compliance to the relevant provisions of the Applicable Laws.

The Committee should recognize the potential conflicts inherent in recommendations from Company's management dealing with Remuneration and ensure that recommendations from management are supplemented with external advice when appropriate.

V. APPOINTMENT AND REMOVAL OF DIRECTOR/ MD/ CEO/ WTD/ MANAGER AND KMPs

- 5.1 At least fifty per cent of the Directors of the Company shall have adequate professional experience in Finance and Financial services related fields or the adequate qualification as may be prescribed by the Applicable Laws.
- 5.2 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person being appointed as Director or KMP and recommend his/ her appointment to the Board.
- 5.3 A Director or KMP should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment as Director or KMP. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.
- 5.4 The requisite undertakings from the KMPs and Directors under Regulation 8 read with Schedule II of the PFRDA (Pension Fund) Regulation, 2015 shall be obtained at the time of appointment and subsequently on a periodical basis as per the PFRDA (Pension Fund) Regulations, 2015.
- 5.5 The Committee shall ensure that a requisite framework exists for appointments and qualification requirements for the human resources and which ensures that the incentive structure does not encourage imprudent behavior.

Any change in the Key Management Personnel shall be intimated to the PFRDA within 15 days of occurrence of such change and adequate filing shall be done with the Ministry of Corporate Affairs within the stipulated timelines.

VI. TERM AND TENURE

6.1 MD/CEO/ WTD/Manager:

The Company shall appoint or reappoint any person as its MD/ CEO/WTD/Manager for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.

6.2 Independent Director:

- (a) The Board of Directors of the Company shall have at least fifty percent Independent Directors
- (b) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- (c) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible again for appointment, after expiry of three years from date of ceasing to be an Independent Director.

VII. EVALUATION

The Committee shall carry out evaluation of performance of every Director at a yearly interval, in accordance with Section 178 of the Companies Act, 2013 as amended from time to time and present a report thereon to the Board.

VIII. REMOVAL

Due to reasons for any disqualification mentioned in the Applicable Laws, the Committee may recommend, to the Board for reasons recorded in writing, removal of a Director or KMP.

IX. RETIREMENT

The Director or KMP shall retire as per the applicable provisions of the Companies Act and the prevailing policy of the Company. The Board will have the discretion to retain the Directors/ KMPs in the same position/ Remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to passing a special resolution, as applicable.

X. PROVISIONS RELATING TO REMUNERATION

10.1 Remuneration of KMPs and Executive Directors

10.1.1 Applicable Laws, Guidelines and Required Approvals

- (a) The Remuneration of KMPs and Directors will be determined by the Committee and recommended to the Board for approval.
- (b) The Remuneration and commission to be paid shall be as per the applicable provisions of the Companies Act, applicable PFRDA Regulations and rules, regulations and guidelines made thereunder.
- (c) The remuneration of KMPs and other staff members who are deputed in the Company by Max Life Insurance Company Limited ("**MLIC**"), the sponsor and holding company of the Company and are on the payroll of MLIC shall be regulated by MLIC as per the prevailing policies of MLIC.

10.1.2 Stock Options

The NRC/ Board may consider granting of stock options. Issue of stock options and sweat equity shares shall be governed by the provisions of the Companies Act, PFRDA Regulations, the Companies (Share Capital and Debenture) Rules, 2014, as amended from time to time. Details of stock options to Directors shall be disclosed in line with disclosure requirements stipulated for the financial statements of the Company.

10.2 Remuneration to Non-Executive Directors

Subject to the approval of Board and shareholders in accordance with the statutory provisions of the Companies Act and the rules made thereunder, the non-executive Directors may be paid profit linked commission from time to time, provided that the Company is making profit.

Subject to the overall limit in this regard, the Board may, with mutual agreement with such Director, determine and pay different commission, to each non-executive Director.

10.3 Remuneration to Other Employees

The remuneration of other employees shall be determined according to their qualifications, work experience, competencies as well as their roles and responsibilities in the Company.

10.4 Stock Options

- (a) An Independent Director shall not be entitled to any stock option of the Company.
- (b) The Company may, in line with applicable provisions of Companies Act and amendments and rules thereunder, wherever applicable, grant units of the Company to any non-executive Director.

10.5 Pay Mix

The total Remuneration paid to KMPs shall have a fixed component and a variable component linked to individual and organizational performance. Proper balance between fixed and variable components will be ensured by the NRC/ Board as per the policy of the Company.

- (a) **Fixed pay** may comprise basic salary, house rent allowance, other allowances and retiral benefits like provident fund, gratuity and superannuation. The amount of fixed pay shall be reasonable taking into account the Company's overall business performance and industry remuneration scales.
- (b) **Variable pay** components may be linked to compliance in full or in part with the targets. These may comprise personal targets linked to the performance of the executive in question, delivery of annual business results by the Company and/or the unit in which the executive works for having regard to the prevailing business environment or the occurrence of a specific event. In addition, loyalty, attitude, foresight, potential for growth, motivation, dependability, initiative and such other factors as deemed appropriate may also be taken into consideration.

It may be paid in the form of cash, equity/ stock linked instruments or both. It is clarified that employee stock option plans would not be considered as part of variable pay.

10.6 Engagement for Professional Services

The Company may, in line with the provisions of Applicable Laws, engage any non – executive Director

to provide professional services from time to time. Any such engagement for professional services shall be made if NRC of the Company is of the opinion that such Director possesses the requisite qualification for providing such services.

10.7 Sitting Fees

A non-executive director may receive Remuneration by way of fees for attending meetings of Board or Committee as may be decided by the Board. Provided, however, that the amount of such fees shall not exceed the maximum amount per meeting as may be prescribed in the Companies Act, PFRDA Regulations or by the Central Government from time to time. The non-executive Directors and Independent Directors shall, in addition to the sitting fees, be entitled for reimbursement of their expenses for participating in the Board and Committee meetings, as may be decided by the Board.

XI. DEVIATIONS FROM THIS POLICY

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary, in the interests of the Company, will be made if there are specific reasons to do so in individual cases.

XII. OWNER OF THE POLICY

The Policy is owned by the Committee.