



# Unico Housing Finance Private Limited

## **REMUNERATION POLICY**

## REMUNERATION POLICY

**Policy Number: UNICO/SEC/003**

<b>Prepared and Proposed By</b>	Secretarial/ Compliance Department
<b>Reviewed and Recommended By</b>	Nomination and Remuneration Committee
<b>Approved By</b>	Board of Directors
<b>Date of Approval</b>	30 <sup>th</sup> April 2026
<b>Date of last review</b>	30 <sup>th</sup> April 2026
<b>Effective date</b>	30 <sup>th</sup> April 2026
<b>Review Cycle</b>	Annually or as recommended by the Board of Directors

### **PURPOSE**

The purpose of this Policy is to establish a framework for the appointment and determination of remuneration of the Company's Directors, KMPs (CEO, CFO and CS), Senior Management and other Employees ensuring alignment with organizational objectives, regulatory requirements, and best governance practices.

### **SCOPE**

This Policy is guided by the principles and objectives as set out under Section 178 of the Companies Act, 2013 read with rules made thereunder and is framed to ensure alignment with Chapter VIII of the Reserve Bank of India (Housing Finance Companies) Directions, 2025 and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025, as amended from time to time, along with the Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs.

### **APPLICABILITY**

This Policy applies to the Board of Directors, KMPs Senior Management and other Employees. They are required to acknowledge having read the policy document.

### **RESPONSIBILITY ASSIGNMENT MATRIX**

<b>Responsibility</b>	Secretarial / Compliance Department
<b>Consulted with</b>	Internal discussions in Management Committee

### **VERSION CONTROL**

<b>Version Number</b>	<b>Date of the version</b>	<b>Approved By</b>
1.0	6 <sup>th</sup> November 2023	Board of Directors
2.0	19 <sup>th</sup> July 2024	Board of Directors
3.0	26 <sup>th</sup> March 2025	Board of Directors
4.0	30 <sup>th</sup> April 2026	Board of Directors

## Contents

<b>Glossary Page:</b> .....	3
<b>1. Objective</b> .....	4
<b>2. Scope</b> .....	4
<b>3. Definitions</b> .....	4
<b>4. Composition of Nomination and Remuneration Committee (NRC)</b> .....	5
<b>5. Appointment of Directors including Independent Directors</b> .....	5
<b>6. Appointment of KMPs/ Senior Managerial Personnel</b> .....	6
<b>7. Remuneration for Executive Directors</b> .....	7
<b>8. Remuneration for Independent Directors and Non-Independent Non-Executive Directors</b> ...	7
<b>9. Remuneration for KMPs and Senior Management Personnel</b> .....	7
<b>10. Malus and Clawback:</b> .....	9
<b>11. Performance Evaluation</b> .....	10
<b>12. Retirement, Removal and Vacancy Management</b> .....	10
<b>13. Succession Planning</b> .....	10
<b>14. Frequency of Review</b> .....	10

**Glossary Page:**

RBI	Reserve Bank of India
Board	Board of Directors
Company/UNICO	Unico Housing Finance Private Limited
Policy	Remuneration Policy
NBFC	Non-Banking Financial Companies
KMP	Key Managerial Personnel
SM/SMP	Senior Management/Senior Management Personnel
NRC	Nomination & Remuneration Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CS	Company Secretary
CPO	Chief People Officer
HFC	Housing Finance Company
HR	Human Resources Department

## 1. Objective

“UNICO” or the “Company” has adopted this Policy on the remuneration of Directors, Key Managerial Personnel (KMPs) and the Senior Management as required under the provisions of Section 178 of the Companies Act, 2013 (the “Act”).

The main objective of the policy is to

- To lay down the criteria for identifying persons who are qualified to become Directors and who may be appointed as KMPs and SMP of the Company.
- To recommend to the Board/Committee the remuneration of Directors, Key Managerial Personnel (KMPs) and the Senior Management Personnel.
- To set the criteria for evaluation of the performance of KMPs and SMP of the Company.
- To align remuneration / compensation packages with prudent risk management and to ensure full compliance with all statutory mandates, rules and regulatory directions issued thereunder.

This Policy reflects the remuneration philosophy and principles of UNICO and considers the pay and employment conditions of peers and the competitive market to ensure that pay structures are appropriately aligned.

The Reserve Bank of India (RBI) has issued ‘Guidelines on compensation of Key Managerial Personnel (KMPs) and Senior Management (SM) in NBFCs’ dated April 29, 2022. Further, the RBI, in the Master Direction - Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 and Reserve Bank of India (Housing Finance Companies) Directions, 2025, requires the Company to frame policy for determining the qualification, appointment, removal and remuneration payable to Directors, Key Managerial Personnel (KMPs) and Senior Management. In view of the Guidelines, this Policy has been framed to provide a framework to govern the compensation of KMPs and SM and it shall apply to them.

## 2. Scope

This policy mainly envisages to

- a) ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources
- b) ensure remuneration to Directors, KMPs and Senior Management involve a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) give clarity on the relationship of remuneration to performance and meet appropriate performance benchmarks.

## 3. Definitions

“Key Managerial Personnel” (as defined in Section 2(51) of the Act) in relation to the Company, means:

- a. Chief Executive Officer or the Managing Director or the Manager
- b. Company Secretary
- c. Whole Time Director
- d. Chief Financial Officer and
- e. Such other officers as may be prescribed by Companies Act/ RBI guidelines

The expression “Senior Managerial Personnel/ Senior Management” means personnel of the Company

who are members of its core management team other than the Board. This would include all members of the management one level below the executive directors, including all the functional heads.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered and includes perquisites as defined under the Income-tax Act, 1961.

#### **4. Composition of Nomination and Remuneration Committee (NRC)**

The Board shall constitute a Nomination and Remuneration Committee (NRC) comprising a minimum of three members all of whom shall be non-executive directors, and at least one-half of whom shall be independent directors. Provided that the chairman of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair the Committee (in alignment with the corporate governance policy). The NRC shall have the constitution, powers, functions and duties as laid down in Section 178 of the Companies Act, 2013. The NRC, as part of its role and responsibilities, ensures ‘fit and proper’ status of proposed/existing Directors and that there is no conflict of interest in appointment of Directors on the Board of the Company, KMPs and Senior Management. NRC will be responsible for review and implementation of Remuneration policy of the Company.

NRC shall work in coordination with HR Department and Risk Management Committee to achieve effective alignment between compensation and risks. The NRC shall ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on internal capital adequacy assessment process (ICAAP). The NRC shall recommend to the Board, all remuneration / compensation, in whatever form, payable to KMPs and Senior Management. The execution would be done by HR Department.

#### **5. Appointment of Directors including Independent Directors**

##### **5.1 Appointment of Directors**

The Committee shall identify persons who are qualified to become directors in accordance with the laid down criteria and recommend to the Board their appointment and removal. The persons must have adequate qualification, knowledge, expertise and experience and must satisfy the fit and proper criteria.

The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

The company shall not appoint or continue the employment of any person as Managing Director, Whole-Time Director or manager who is below the age of twenty-one years.

The Criteria for Independence of the Director(s) shall be as per the Companies Act, 2013, RBI Regulations and shall also be required to adhere to the Code for Independent Directors under Schedule IV of the Act.

##### **5.2 Positive Attributes**

1. Directors must demonstrate integrity, credibility, trustworthiness, ability to handle conflict and

- willingness to address issues proactively;
2. Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions;
  3. Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;
  4. To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
  5. To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;

Nominee Directors shall be appointed to the Board as and when nominated by the investor(s) to safeguard their interests. Such appointments shall be made in accordance with the terms and conditions specified in the relevant investment agreement/share purchase agreement/subscription agreement/or any other agreement entered into or to be entered into between the Company and such investor(s).

## **6. Appointment of KMPs/ Senior Managerial Personnel**

Section 203 of the Act provides for appointment of whole-time Key Managerial Personnel. Such personnel shall be appointed by means of resolution of the Board specifying the terms and conditions of such appointment.

The Key Managerial Personnel and Senior Management Personnel shall comprise of individuals with appropriate mix of skills, experience and personal attributes. The said employees shall be adept in, and have a thorough understanding of, the business and the environment in which the Company operates and shall contribute effectively towards the achievement of Company's objectives and goals.

For the appointment of Key Managerial Personnel and Senior Management Personnel, the following criteria shall be considered:

- a. assessing the appointee against a range of criteria that includes but not limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the respective position;
- b. the extent to which the appointee is likely to contribute to the overall effectiveness of the Company, work constructively with the existing team and enhance the efficiencies of the Company;
- c. Personal specifications like educational qualification in relevant disciplines; experience of management in a diverse organization; excellent interpersonal, communication and representational skills; demonstrable leadership skills, commitment to high standards of ethics, personal integrity and probity, commitment to the promotion of equal opportunities and skills must also be considered.

The appointments of one level below the Board shall be within the ambit of the Managing Director & CEO and he shall consult the Committee / Board for further directions /guidance.

The Key Managerial Personnel of the Company, except for directorship in a subsidiary, shall not hold any office including directorships in another NBFC (Middle Layer and Upper Layer). There shall be no conflict of interest in appointment of Key Managerial Personnel and Senior Management Personnel.

Other Employees: The Company shall recruit individuals with high level of integrity and the required qualification, skill sets, and experience relevant to the Company's requirements for the specific position

for which they are being considered.

#### **7. Remuneration for Executive Directors**

The remuneration for the Executive Director is as per the terms approved by the Board based on the recommendations of the NRC. In addition to the salary, allowances, benefits, perquisites, the Company may pay such remuneration by way of performance linked incentive and/ or commission/ Employees Stock Option plan in a particular financial year, as may be determined by the Board based on recommendation of the NRC.

#### **8. Remuneration for Independent Directors and Non-Independent Non-Executive Directors**

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") excluding Nominee Directors may be paid sitting fees (for attending the meetings of the Board and of committees of which they are members) and an annual commission within regulatory limits. The quantum of sitting fees may be reviewed as and when required. The payment of sitting fees and/or commission will be recommended by the NRC and approved by the Board. In addition to sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditures, incurred while performing his/her role as a Director of the Company.

#### **9. Remuneration for KMPs and Senior Management Personnel**

The overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- (a) Market competitive;
- (b) Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company;
- (c) Reflective of size of the Company, complexity of the sector/ industry / company's operations and the Company's capacity to pay;
- (d) Consistent with recognised best industry practices;
- (e) Aligned to any regulatory requirements; and
- (f) In terms of remuneration mix:

#### **Composition of Fixed Pay:**

- i. Basic / fixed salary is to be provided to ensure that there is a steady income in line with their skills and experience.
- ii. In addition to the basic/fixed salary, the Company may provide with certain perquisites, allowances, and such other benefits.

#### **Deferral of Variable Pay:**

The RBI guidelines for NBFCs advise that a certain portion of variable pay, as decided by the Board of the Company, may be deferred and this deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. The deferral period for such an arrangement shall be decided by the Board of the company.

At Unico, the compensation pertaining to variable pay has two components, 1. A Cash component called Performance Bonus and 2. The Unico ESOP scheme. The approved ESOP scheme follows a 4-year vesting schedule post the grant (25%: 25%: 25%: 25%) and thus deferral is built into the scheme and aligns with the RBI guidelines on the deferral of variable pay components. The Remuneration policy also covers the deferral of cash component of variable pay which is designed to increase the deferred payout sequentially over a three-year horizon to facilitate the transition from 100% upfront payout to a 60% payout as is the practice in leading banks.

The payout of the performance bonus (annual) is deferred over a 3 year period as mentioned below. The deferral arrangement for FY 27-28 shall become the ongoing default schedule for future years. For newly onboarded KMPs/SMPs the below arrangement shall apply for their first 3 years of service:

Financial Year	Year 1	Year 2	Year 3
FY 25-26	80%	10%	10%
FY 26-27	70%	15%	15%
FY 27-28	60%	20%	20%

The vesting of the deferred cash component of variable pay will continue as per the above schedule even after separation of the employee from the services of the Company, except in cases of separation arising from Malus or Clawback conditions.

#### **Control and assurance function personnel:**

KMP and Senior Management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and / or clawback, when warranted, is not rendered infructuous.

#### **Guaranteed bonus:**

The Company shall not pay guaranteed bonus to KMP and senior management. However, in the context of new hiring, joining / sign-on bonus may be considered. Such bonus shall neither be considered part of the fixed pay nor of variable pay.

#### **Remuneration for Employees**

The Company's total compensation for other employees will comprise of:

- fixed compensation
- variable compensation in the form of annual incentive
- benefits
- work related facilities, perquisites and loans & advances in accordance with HR policies of the Company.
- Employee stock options
- such other benefits/perquisites as may be periodically determined to be relevant under the HR policies of the Company.

The performance measures and their relation to remuneration packages shall be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

Fixed compensation will be determined based on size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee.

Fixed compensation will include Basic Salary, Housing Allowance, Leave Travel Allowance, perquisites and contributions towards retiral benefits, reimbursable perquisites and monetary equivalent of benefits of non-monetary nature etc. and/or as may be determined by NRC from time to time.

Based on HR policies, benefits for employees include

Health-related ----- Health (hospitalization) insurance, Accident and Life insurance

Retirement-related ----- Provident Fund account and Gratuity.

Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time.

While considering the remuneration, the NRC / Board should consider the principles of compensation as envisaged in 'Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by RBI'.

#### **10. Malus and Clawback:**

**Malus** arrangement permits the Company to prevent vesting of all or part of the variable pay which has been deferred. It does not reverse vesting after it has already occurred.

**Clawback** is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested but not exercised compensation attributable to a given reference year in which the incident has occurred. The return would be in terms of net amount.

The NRC may invoke the Malus or Clawback clauses in the following situations, depending on the nature of the event.

- (i) Subdued or negative financial performance of the Company
- (ii) Any deficiency in the operations or activities related to loans and advances of the Company.
- (iii) Material misconduct, viz.:
  - i. Non-adherence to systems and procedures including internal guidelines / policies
  - ii. Breach of contract / violation of non-disclosure agreement
  - iii. Gross negligence and integrity breach
  - iv. Misuse of official powers
  - v. Unjust enrichment
  - vi. Non-disclosure in case of conflict of interest
  - vii. Failure / lapses in regulatory compliance

(iv) Any other parameter as may be determined by the Committee/Board.

The Malus clause shall be invoked if an act of negligence, on part of the KMPs or SMP comes to light in the subsequent period whereas Clawback clause shall be invoked if an act of integrity breach or fraud on the part of KMPs or SMP comes to light in the subsequent period. The Clawback may be applied for

a period of three to five years or as may be determined by the Committee, from the date of release of variable pay.

Malus and clawback provisions shall apply equally to resigning and retiring employees and shall be applicable regardless of whether the employee is currently employed by the Company or has separated.

The NRC shall review the incident or act of misconduct to ascertain the degree of accountability attributable to the concerned employee and may decide to apply Malus and/or Clawback to none, part or all of the unvested/vested deferred variable compensation, based on the outcome of the evaluation.

#### **11. Performance Evaluation**

The NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The evaluation criteria shall be laid down by the NRC.

Based on the analysis of the Board Evaluation, the Board may prepare an action plan on:

- a. Areas of improvement including training, skill building, etc. as may be required for Board members.
- b. List of actions required detailing, viz. Nature of actions, timeline, person responsible for implementation etc. and review of the actions within a specific time period.

#### **12. Retirement, Removal and Vacancy Management**

In the event of any disqualification arising under the Companies Act, 2013, the rules made thereunder, or under any other applicable laws, rules, regulations, or the terms of the employment agreement (if any), the Nomination and Remuneration Committee may, with reasons recorded in writing, recommend to the Board the removal of a Director, Key Managerial Personnel (KMPs), or Senior Management Personnel, subject to the applicable provisions of the said Act and other relevant laws, rules, and regulations.

Directors, KMPs, and Senior Management Personnel shall retire in accordance with the applicable provisions of the Companies Act, 2013 and the prevailing HR policies of the Company. However, the Board may, at its discretion and subject to necessary approvals and compliances, retain any Director, KMP, or Senior Management Personnel in the same position or otherwise, even after attaining the prescribed retirement age, if such continuation is considered beneficial to the Company.

Any vacancy in the office of Key Managerial Personnel shall be filled by the Company at the earliest and in any case not later than six months from the date of such a vacancy.

#### **13. Succession Planning**

The Nomination and Remuneration Committee shall ensure a structured succession planning process for Directors, Key Managerial Personnel, and Senior Management Personnel by Identifying and developing internal talent to ensure leadership continuity.

#### **14. Frequency of Review**

This policy would be reviewed on an annual basis or earlier based on the requirements. Subject to the recommendations of the Nomination & Remuneration Committee, the recommended changes would be presented to the Board for approval. The Board reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company.