Magma General Insurance Limited

(Erstwhile Magma HDI General Insurance Company Limited)

This document intends to formulate, formalize and establish Remuneration Policy for the Company for Directors, key managerial personnel and other employees of the Company

Remuneration Policy

Effective Date: February 10, 2026

Approval Date: February 10, 2026

Version No.: 7.0

Approved By: Board of Directors

Policy Owner : Human Resource Department through Nomination and Remuneration Committee

This document is confidential in nature and supersedes any Policy on Remuneration existing in the Company, and should be read in conjunction with the most recent policies and procedures documented.

Subject: **Remuneration Policy**	Original Issue Date: 31.03.2015	Effective Date: 10.02.2026
	Revision Dates: 04.05.2017, 01.11.2023, 19.07.2024, 23.12.2024, 27.06.2025, 10.02.2026	Version No: 7.0

Base Document	:	Companies Act, 2013, Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 and "Master Circular on Corporate Governance for Insurers, 2024" dated May 22, 2024 issued by IRDAI
Initial Document Prepared by	:	Ms. Ankita U Sethi
Functional aspects checked by	:	Mr. Smita Mitra
Governing Guideline/ Policy	:	Master Circular on Corporate Governance for Insurers, 2024 issued by IRDAI bearing Ref. No. IRDAI/F&I/CIR/MISC/82/5/2024 dated 22nd May 2024
Legal aspects checked by	:	Ms. Swarnima Agarwal

Subject: **Remuneration Policy**	Original Issue Date: 31.03.2015	Effective Date: 10.02.2026
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REMUNERATION POLICY

1. Context/ Legal Genesis:

In terms of Section 178 of the Companies Act, 2013 read along with Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 ("the Regulations") and "Master Circular on Corporate Governance for Insurers, 2024" dated May 22, 2024 issued by IRDAI, this remuneration policy is formulated by the Nomination and Remuneration Committee ("Committee") and approved by the Board of Directors of Magma General Insurance Limited ("the Company")

The Board of Directors of the Company has constituted the Committee pursuant to the provisions of The Companies Act, 2013 ("hereinafter referred to as the Act"), Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 and "Master Circular on Corporate Governance for Insurers, 2024" dated May 22, 2024 issued by IRDAI.

2. Role of Committee:

a) The role of the Committee shall be to ensure compliance with the relevant provisions of the Act and various other obligations as mentioned in the Terms of Reference of the Committee as approved by the Board of Directors from time to time

b) Committee shall oversee and govern the compensation practices of the Company. Committee in consultation with Risk Management Committee shall make a coordinated effort to have an integrated approach to the formulation of remuneration policy. It shall ensure that :
   - Remuneration is adjusted for all types of risk
   - Remuneration outcomes are symmetric with risk outcomes
   - Remuneration payouts are sensitive to the time horizon of the risk, and
   - The mix of cash, equity and other forms of remuneration are consistent with risk alignment

c) Committee shall identify the list of KMPs as per the requirement of the Regulations. It shall review this list at regular intervals, as required.

d) Committee shall evaluate and recommend the form and amount of remuneration to the directors / KMPs make recommendations to the Board.

e) It shall be ensured that remuneration decisions on structuring, implementing & reviewing are made in an independent, informed, and timely manner at appropriate levels.

f) Members of the Board/Committee are not placed in a position of actual & perceived conflict of interests with respect to remuneration decisions. In case of any remuneration

discussion/decision of directors and/or KMP, it shall be ensured that the concerned director and/or KMP shall not participate in the discussion/voting of the resolution. Committee may constitute processes and checks to identify and eliminate any potential conflict of interest from time to time.

g) The criteria and policy on remuneration are subject to review by the Committee & the Board of Directors of the Company annually.

3. Definitions

i. "**Insurance Act**" means the Insurance Act, 1938 (4 of 1938) as amended from time to time including the amendment done in March 2015

ii. "**Authority**" wherever appears in this policy shall mean Insurance Regulatory and Development Authority of India (IRDAI).

iii. **"Board"** means Board of Directors of the Company.

iv. **"The Company"** means "Magma General Insurance Limited"

v. "**Director**" means a director appointed to the Board of the Company.

vi. "**Independent Director (ID)**" means a director referred to in Section 149 (6) of the Companies Act, 2013.

vii. "**Key Managerial Personnel**"/ "**Key Management Person**" (**KMP**) for the purpose this policy shall means

  i. Chief Executive Officer or the Managing Director / Whole-time Director
  ii. Deputy Chief Executive Officer
  iii. Chief Technical Officer
  iv. Company Secretary,
  v. Chief Financial Officer
  vi. Appointed Actuary
  vii. Chief Investment Officer
  viii. Chief Risk Officer
  ix. Chief Legal & Compliance Officer
  x. Chief Internal Auditor
  xi. Chief Technology Officer
  xii. Chief Human Resource Officer and
  xiii. Any other member of core management team or functional head one level below MD & CEO which the Committee may identify as KMP

viii. "**Nomination and Remuneration Committee**" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

ix. "**Policy or This Policy**" means, "Remuneration Policy."

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

xi. **Clawback** means a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances

xii. **Employees' Stock Option (ESOP)** means the option given to the Directors, Officers or Employees of a company, if any, which gives such Directors, Officers or Employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.

xiii. **Malus** means an arrangement that permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.

xiv. **Share Linked Instruments** in relation to remuneration of KMP shall mean (i) employee stock option schemes; ii) employee stock purchase schemes; and (iii) stock appreciation rights schemes (iv) Cash Linked stock appreciation rights schemes.

4. Objectives and Purpose of the Policy

The objectives and purpose of the policy are:

1. To ensure the selection and performance evaluation criteria for directors and KMP of the Company;

2. To determine qualification, positive attributes and independence test for the Independent directors to be appointed;

3. To define framework for payment of remuneration of Directors (Executive and Non-Executive), KMPs and other employees;

5. Selection and Performance Evaluation criteria for Directors, and KMPs of the Company –

The term "Director" would include all Nominee/Non-Independent Directors, Independent Directors and any Non-Executive/Executive Directors at the Company.

Selection Criteria:

5.1 Selection of Executive Director/s shall be on the line of selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment; Committee is responsible for identification, shortlisting and recommendation of the candidature of person for the position of Managing Director / Executive Director / Whole-time Director ("WTD") to the Board of Directors of the Company;

5.2 While appointing/re-appointing MD/CEO/WTD, the cCompany will ensure that the upper age limit of 70 years is not exceeded

5.3 Tenure of MD/CEO/WTD shall not exceed continuous period of 12 years if appointed by major shareholders/promoters. The Company will seek approval from the Authority to extend the tenure till 15 years, whenever required. If MD/CEO/WTD is not appointed by major shareholders/promoters, then the tenure limit shall be continuous for a period of 15 years.

5.4 Nominee Directors shall be taken on board, as and when nominated by the investor/s to protect such investor interests and such appointments shall usually be governed by the investment/ subscription agreement/s the Company has/will have with such investor(s);

5.5 Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;

5.6 The maximum age limit of Non-Executive Directors, including chairperson of the board, shall be 75 years and shall not continue on the Board after attaining 75 years of age

5.7 An Independent Director(ID) may be appointed for a term of upto 5 consecutive years and shall be eligible for re-appointment for second term on passing special resolution. No ID shall hold office for more than 10 years. After completion of 10 years reappointment can be done only after cooling off period of at least 3 years

5.8 Prior approval of the Authority shall be taken for appointment, reappointment and remuneration of the Chairman of the Board, MD&CEO, Whole Time Director / Executive Director by whatever name called.

5.9 For any other KMP recruitment, it is critical to identify the necessity for that role in the context of the Company. In order to validate the requirement –

5.9.1 Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;

5.9.2 The recruitment process may involve meetings with Human Resources, MD&CEO and/or identified members of the Committee and Board, on the basis of which the candidature will be finalised.

5.9.3 The remuneration package shall be aligned appropriately this Policy, as amended from time to time.

Evaluation Process:

Performance Evaluation of the Board of Directors:

5.10 The appraisal of the Board (excluding MD & CEO and Executive Director), as a collective body and the Directors, individually, shall be based on pre-identified and agreed parameters.

5.11 Such performance evaluation shall be undertaken at a reasonably regular interval – usually once in every financial year using questionnaire. The questionnaire will usually be circulated to the members of the Board of the Company by the last quarter of every financial year and the Directors are encouraged to submit their comments within a month of receiving the questionnaire.

5.11.1 Performance parameters for the Board may consist of parameters for evaluation of Board as a collective body, evaluation of committees of Board, evaluation of the Chairman and individual Director survey form as contained in **Annexure – 1**

5.12 Independent Directors shall hold at least one meeting every financial year without the participation of other Non-Independent Directors and/or members of management, to undertake the following agenda at the minimum:

5.12.1 Review of performance of non-Independent Directors and the Board as a whole;

5.12.2 Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

5.12.3 Review the performance of the Board Committee(s)

5.12.4 Assess the quality, quantity and timeliness of flow of information between the management and the Board, that is necessary for the Board to effectively and reasonably perform their duties;

5.13 Evaluation of performance of Board, as a collective body, shall be done by the Independent Directors at an exclusive meeting of Independent Directors (as stated hereinbefore), apart from evaluation of performance of individual director. The Board in turn shall appraise each individual Independent Director on the basis of pre-defined evaluation parameters.

5.14 At an appropriate interval, at the sole and exclusive discretion of the Board, the Board may seek intervention of an external expert/ facilitator in the process of performance evaluation of the Board.

5.15 Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, Committee shall recommend, to the Board with reasons recorded in writing, removal of a Director subject to the provisions and compliance of the said Act, rules and regulations. Termination of appointment of the CEO, MD&CEO, Whole Time Director by whatever name called, shall be done with prior approval of the Authority

Performance Evaluation of KMPs (Including MD & CEO and ED):

5.16 To evaluate the performance of the KMPs, Company shall follow a detailed process of Performance Evaluation:

5.16.1 Key Results Areas (KRAs) shall be established for each member that will be derived from the Regulation and overall strategy of the organization and shall incorporate policy directives provided by the Board.

5.16.2 The performance against these KRAs shall be reviewed by NRC for MD & CEO and ED and by the MD&CEO for other KMPs

5.16.3 Final rating shall be provided along with fixed pay revision and variable pay as applicable.

5.17 Removal of any member of the Key Managerial Personnel shall be subject to the performance and behaviour of the individual and the decision for the removal of such personnel shall be taken by the Committee basis recommendation from the MD & CEO.

6. Determination of qualification, positive attributes and the independence of the Independent Directors to be appointed.

6.1. For each Independent Director, the appointment shall be based on the need identified by the Board;

6.2. The role and duties of the Independent Director shall be clearly specified by highlighting the Committees they are expected to serve on, as well as the expectations of the Board from them;

6.3. At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;

6.4. Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws;

6.5. The Independence of each Independent Director shall be as per the conditions specified in the Companies' Act and the rules thereunder and applicable IRDAI Regulations as amended from time to time.

6.6. Board's expectation from each Independent Director shall be clearly mentioned in the appointment letter. The appointment letter to be issued to Independent Director shall be in the format enclosed as **Annexure 2**.

6.7. The Independent Director shall confirm having read and complied with the Company's Code of Conduct and Code for Independent Director. They shall also need to provide the confirmation on meeting the criteria of Independence.

6.8. The remuneration of the Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors;

6.9. MD&CEO along with Company Secretary shall be involved in the familiarisation/ induction process for the independent director/s and other KMPs;

6.10. During the familiarization process, MD&CEO and Company Secretary may share the organization details, values, culture, vision and strategy for the organization as well as his expectations from the KMP; any inputs made by Independent Directors shall be considered appropriately;

6.11. In case, any input from any other Board member is required on the familiarisation, a detailed interaction will be planned and conducted with them as well.

7. Remuneration of the Directors (including Independent Directors), key managerial personnel, risk and control function staff, and other employees:

Remuneration to Non - Executive Directors and Independent Directors

7.1 The remuneration of Directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the Directors:

7.1.1 The Independent and Non-Executive Directors would be paid sitting fees subject to the limits prescribed under the Companies Act, 2013, and the Regulation , or any amendments thereto, as may be determined by Committee from time to time, for attending each meeting(s) of the Board and Committees thereof.

7.1.2 Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the Board and Committee meetings.

7.1.3 The Board may, at its discretion, provide for, payment of remuneration in the form of profit related commission to the non-executive directors, subject to the company making profits. Such remuneration shall not exceed Rs. Thirty Lakh per annum for each such Director excluding the Chairman. For Chairman of the Board, the remuneration shall be decided by the Board of Directors and shall be subject to prior approval of IRDAI.

a) Total commission pay out to all independent directors in aggregate shall be restricted to a limit of 1% of net profits of the Company as determined in accordance with Section 198 of the Companies Act, 2013, further subject to recommendation by the Committee and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting.
b) Committee shall recommend quantum of commission which, in its best judgement and opinion is commensurate to the level of engagement each Independent Director would have with the members of KMPs and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.
c) Non- Executive Directors shall not be eligible for any Equity Linked Instruments

Remuneration to CEO/ MD&CEO/ WTDs/KMPs

7.2 The remuneration paid to MD&CEO and other KMPs inclusive of fixed pay, perquisites, allowances, bonus, Stock Option plan, gratuity, short term/long-term incentives, retirals, and other components, shall be considered by the Committee taking into account various parameters included in this policy document. Remuneration and modification of remuneration, if any, of MD & CEO, Executive Director / Whole-time Director ("WTD") and Chairman shall also be subject to the approval of the Board and Authority.

7.3 The remuneration and commission to be paid to Whole Time Director, Managing Director & CEO and Chairman shall be as per the applicable statutory provisions of the Companies Act, 2013 read with the Regulation and the Insurance Act, 1938 and amendments and rules made there-under for the time being in force

7.4 While deciding the remuneration of MD&CEO/WTDs/KMPs, the company shall also take into consideration the following factors:

a) Remuneration shall be adjusted for all types of risk. While adjusting the risks, variety of measures of credit, market and liquidity risks may be considered. The risk adjusted methods shall have both quantitative and judgemental elements. The parameters so considered shall be in line with the Business Plan of the company.
b) The level and composition of remuneration is market competitive, reasonable and sufficient to attract, retain and motivate directors and KMPs required to efficiently run the company successfully
c) Remuneration pay-outs are sensitive to the Time Horizon of the Risk. The mix of cash, equity and other forms of remuneration will be consistent with risk alignment such that Remuneration outcomes are symmetric with risk outcomes

7.5 **Fixed pay** of the remuneration shall be reasonable taking into all relevant factors and will consist of elements like Basic Salary, Allowances, Perquisites as defined under the Income-tax Act, 1961, contribution towards retirals and all other fixed items of compensation

7.6 **Variable pay**

7.6.1 **Composition of Variable Pay**

a) Variable pay shall be in the form of share linked instruments or a mix of cash and share linked instruments. The cash component of variable pay may be in the form of bonus or incentives.
b) Variable Pay shall be paid out only once in a year.
c) Company shall ensure that there is a proper balance between Fixed Pay and Variable Pay.
d) KMPs of the Company shall not be issued/granted any sweat equity shares.

7.6.2 **Limits on Variable Pay**

a) At least 50% of fixed pay will be variable and paid based on individual, business-unit and Company performance. The total variable pay (including cash component and Share Linked Instrument) shall not exceed 300% of the fixed pay.
b) In case the total variable pay is up to 200% of the fixed pay, a minimum of 50% of the total variable pay and in case the variable pay is above 200%, a minimum of 70% of the total variable pay shall be via Share Linked Instruments.
c) In case of Share Linked Instruments, the total number of ESOPs granted in a year shall not exceed 1% of the paid-up capital of the Company.
d) The total number of shares held by employees, including KMPs, shall not exceed 5% of the paid-up equity shares of the Company, at any point of time

7.6.3 Methodology used for valuation of ESOPs

A) For MD & CEO

a) The fair value of the Share Linked Instrument, for the purpose of quantifying the variable pay, shall be determined by Category I merchant banker registered with SEBI, basis fair value (calculated using preferably Black-Scholes model or any other commonly used model) of the Options and shall not be more than 3 months before the date of the grant.

B) For Other Eligible Employees (Including KMPs other than MD & CEO):

The fair value of the Share Linked Instrument, for the purpose of quantifying the variable pay, shall be determined by Category I merchant banker registered with SEBI,

basis fair value (calculated using preferably Black-Scholes model or any other commonly used model) of the Options and shall not be more than 6 months before the date of the grant.

7.6.4 **Key Performance Indicators for Variable Pay (KPIs)**

a) Variable pay shall be in the form of "pay at risk". Depending on performance and risk outcomes at individual, business units and company-wide level, the variable pay shall be truly variable and can even be reduced to zero
b) The minimum parameters which shall be taken into account for performance assessment of all KMPs (including MD/CEO/ED) for payment of variable pay shall be:
   - Overall financial soundness such as Net Worth position, solvency, growth in AUM, Net Profit, etc. including any other indicator that reflects the overall financial soundness
   - Compliance with Expenses of Management Regulations
   - Claim efficiency in terms of settlement and outstanding
   - Improvement in grievance redressal status/ position
   - Reduction in Unclaimed Amounts of policyholders
   - Renewal Rate
   - Overall Compliance status w.r.t. all applicable laws

c) The KPIs mentioned above shall have at least 60% of total weightage in the performance assessment matrix of MD/CEO/WTDs and at least 30% of total weightage in the performance assessment matrix of other KMPs individually.
d) Committee may configure weightage for each of the above parameters suitably depending on the respective roles.
e) The above parameters shall also be used as an input for determining fixed pay increments as well
f) The above performance parameters (including above mentioned) and their weightages will be defined by the Company separately at the beginning of the performance year. For MD & CEO , these parameters shall be further recommended by Committee and approved by Board.

7.6.5 **Deferral of Variable Pay**

a) Of the total variable pay, at least 50% shall be deferred. The Deferred variable pay could be in the form of share linked instruments and/or cash component
b) The deferral period would be minimum of three years. The first such vesting shall accrue after one year from the commencement of the deferral period. Vesting shall be no faster than on a pro rata basis and shall not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of ex-post adjustments. In the case of Share Linked Instrument, the actual deferral period shall be governed by the relevant rules of Share Linked Plan (Employee Stock Option Plan 2018) as approved by the Board and Shareholders.

For a particular year, where variable pay is mix of cash and share linked instruments and such cash component of variable pay is (i) up to Rupees Twenty-Five lakhs (Rs. 25 lakhs) , no deferral requirement for the cash component would be necessary. (ii) more than Rupees Twenty-Five lakhs (Rs. 25 lakhs), payment of such cash component is allowed as per the following modes:

a) Payment of *first* Rs. 25 lakhs without any deferment and

b) Payment of the balance cash component of variable pay above Rs. 25 lakhs as under:

i) 50% without deferment.

ii) balance-50% to be deferred equally over a period of 3 years

c) Committee may change the deferral quantum and period basis industry and regulatory context, company risk context and emerging best practices from time to time

d) Upon resignation/retirement/death of the employee before the deferred bonus' pay dates, payout of deferred amounts will be as per employment contract and the Share Linked instrument plan rules. In case of re-appointment after retirement the deferred pay due at the time of retirement (i.e., prior to reappointment) shall be paid only for the respective years to which it is originally deferred

e) In case of termination of employment on account of fraud/criminal offences, etc. or as per directives of court/tribunal/other competent authorities the deferred pay shall be forfeited

f) Committee may change the deferral quantum and period basis industry and regulatory context, company risk context and emerging best practices from time to time

g) Upon resignation/retirement/death/ permanent disability of the employee before the deferred bonus' pay dates, payout of deferred amounts will be paid along with the full final settlement and the Share Linked instrument plan rules. In case of re-appointment after retirement the deferred pay due at the time of retirement (i.e., prior to reappointment) shall be paid only for the respective years to which it is originally deferred

h) In case of termination of employment on account of fraud/criminal offences, etc. or as per directives of court/tribunal/other competent authorities, the deferred pay shall be forfeited

7.7 **Guaranteed bonus, Joining / Sign on Bonus and Severance Pay**

a) Guaranteed bonuses are inconsistent with sound risk management or the pay-for performance principles and hence shall not be part of remuneration plan.

b) Joining / sign on bonus (in the form of cash or Share Linked Instrument) shall only occur in the context of hiring new personnel and be limited to the first year of employment. Such bonus will neither be considered as a part of fixed pay nor as a part of variable pay.

c) The Company shall not grant Severance Pay other than accrued benefits like gratuity pension, etc., to Key Managerial Persons except in cases where it is mandatory under any applicable provision of the statute. It is clarified that severance pay does not include notice period pay.

7.8 In case the annual remuneration of the MD / CEO / WTDs/KMPs individually exceeds Rs. 4 crore (including all perquisites plus bonuses etc.), such excess shall be borne by the Shareholders and debited to the Profit and Loss account

7.9 No revision in Remuneration of the MD&CEO shall be done till the expiry of one year from the date of earlier approval of the Authority

7.10 The cost of remuneration paid to MD/CEO/WTD/KMPs shall be borne by the Company.

7.11 The payment of remuneration of MD/CEO/WTD/KMPs shall be certified by Chief Compliance Officer, certifying that the payment of variable pay along with the number of units and the corresponding unit price of share -linked instruments of non-cash component is in line with the IRDAI's approval. The certification shall be submitted to IRDAI within 30 days of each payment of remuneration.

7.12 **Malus / Clawback Arrangement:**

The deferred variable pay in a year shall be subject to:

a) **Malus arrangement** wherein in case of subdued or negative financial performance arising not on account of gross negligence or misconduct of the KMPs, the Company may withhold cash bonus or vesting of Employee Stock Options and may lapse unvested Employee Stock Options in accordance with the ESOP Plan.

b) **Clawback arrangement** wherein in case of gross negligence or misconduct or cause as defined in the Company's code of conduct, the KMP shall be liable to return previously paid or vested variable pay.

c) The norms of Malus and Claw back shall be decided by the Committee based on actual/realized performance of the year, legal enforceability, and verifiable measures of risk outcomes.

d) Committee may invoke Malus and Clawback clause with respect to the KMPs in the following illustrative scenarios:

Malus -

- Negative trend in the defined minimum KPIs of the Regulation
- Significant deterioration of financial health of the Company
- Any other situation where the Board and the Nomination & Remuneration Committee deem invoking Malus provision is necessary and justified.

Claw-back -

- Gross negligence or integrity breach,
- Materially inaccurate financial statements due to the result of misconduct including fraud, poor compliance in respect of corporate governance and regulatory matters.

e) While undertaking the review for the concerned person(s) for the application of the Malus or the Clawback arrangement based on any trigger events, when determining accountability of the concerned person or group of persons, the Committee shall be guided by the principles of proportionality, culpability or proximity or nexus to the event or misconduct. Bonafide error/s of judgment where there is no misconduct, wilful or intentional act/ omission or gross negligence or lack of integrity, may not be treated as trigger under this Policy.

f) Prior to taking action the Management and the Committee shall ensure due regard to the Principles of Natural Justice.

g) Unless otherwise specified, the time horizon for the applicability of malus/clawback clause shall be three years or the deferral period of the variable pay, whichever is higher, from the date of grant in case of share linked instrument and date of payment in case of cash bonus.

h) On deciding to invoke Malus or Clawback, Committee will have power to take any of the following action basis the nature and severity of trigger.

In case of Malus Clause:

- Cancel or postpone part or full vesting of the deferred cash or share linked component due for vesting in that particular year
- Cancel or postpone part or full vesting of entire unvested deferred cash or share linked component which are to be vested in future years

In case of Clawback Clause:

- Recovery of part or full cash component of deferred variable pay paid over the applicable period
- Recovery of part or full benefit (in form of shares or cash equivalent of shares) accrued to the employee on account of exercise of share linked instrument
- Forfeiture of part or full vested but unexercised share linked instrument vested during the applicable period

Remuneration to other employees

7.13 The remuneration policy and procedures will be supported by a clear, transparent, and fair performance management process

7.14 The Compensation structure shall broadly comprise of Fixed Pay and Variable pay.

7.15 The Fixed Pay should typically consist of elements like Basic Salary, Allowances, Perquisites as defined under the Income-tax Act, 1961, contribution towards retirals and all other fixed items of compensation

7.16 Variable Pay can be in the form of cash and/or long-term incentive plans. Long term incentive plans can be settled in either cash or shares of the company

7.17 Remuneration shall be based on the KRAs identified and the achievement thereof. The increments shall usually be linked to their performance as well performance of the company and appropriate market benchmarks.

7.18 Other employees shall be paid remuneration as per the policy of the Company.

Risk and Control Function Staff

a) Basis the constant effort of having a robust Risk Management and Control mechanism in place, the organization has separated the Risk and Control Functions from the Business functions.

b) This primarily serves the following purpose:
- It creates a strong culture of checks and balances ensuring prudent risk taking
- It eliminates any possible conflict of interest between revenue generation, risk management and control

c) It shall always be ensured that the overall Variable Pay as well as the annual salary increment of Risk and Control Function's staff would be based on the performance on functional objectives and goals and shall not be based on the performance of business units which are subject to their control and/or oversight.

8. Disclosure requirements:

The company shall disclose the necessary requirements in the Annual Report and the Annual Financial Statements as mentioned in the Regulation.

9. Review Frequency:

Unless otherwise required or if the situation so warrants, this document shall be reviewed annually.

10. Change Control Record

Version No.	Change Request by	Memorandum of Change	Approval date
3	HR Department	Attached as Change Sheet	01-Nov-2023
4	HR Department	Attached as Change Sheet	19-July-2024
5	Secretarial Department	Changes in Board Evaluation Questionnaire	23-Dec-2024
6	Secretarial Department	Policy is being amended to incorporate clarifications issued by IRDAI vide its email dated 30th January 2025 with respect to deferment of cash	27-June-2025

		component of variable pay for Remuneration of MD & CEO and KMPs.	
7	Secretarial Department	Policy is being amended to incorporate directions issued by IRDAI vide its email dated 16th January 2026.	10-Feb-2026

Annexure - 1 - Performance Evaluation Parameters for the Board

Annexure-1

CONTENTS:

Performance Evaluation Parameters:

Performance Evaluation Parameters are contained in five sections:

Sr. No.	Description	To be evaluated by
1.	Board Evaluation as a whole	All Directors
2.	Performance Evaluation of Board Committees	All Directors
a.	Audit Committee	
b.	Nomination and Remuneration Committee	
c.	Corporate Social Responsibility Committee	
d.	Investment Committee	
e.	Risk Management Committee	
f.	Policyholder Protection, Grievance Redressal and Claims Monitoring Committee	
3.	Performance Evaluation of Individual Directors	All Directors (excluding the Director being evaluated)
4.	Performance Evaluation of Independent Directors	All Directors (excluding the Independent Director being evaluated)
5.	Performance Evaluation of Chairman of the Board	All Directors (excluding the Chairman of the Board i.e. Mr. Sanjay Chamria)

Please rate the questions using the following rating scale:

1	**Strongly Disagree**
2	**Disagree**
3	**Neutral**
4	**Agree**
5	**Strongly Agree**

SECTION – I

BOARD EVALUATION AS A WHOLE

(Note: To be submitted by each Director to the Chairperson of NRC)

Sr. No	Particulars	Rating (1-5)
A)	**Board Composition and Quality**	
1	The Board is broad based and of adequate size	
2	The Board members have the appropriate qualifications, skills, experience and knowledge	
3	The Board monitors compliance with corporate governance norms and other laws applicable to the Company	
B)	**Understanding Business including Risks**	
1	Directors have sufficient knowledge of the Company's businesses to enable them to fulfill their duties and obligations.	
2	The Company keeps the Directors sufficiently informed on regulatory developments that affect their responsibilities	
3	The Company's management and internal control system is periodically reviewed for appropriateness and relevance.	
C)	**Process and Procedure**	
1	The structure and content of the Board meeting agendas are appropriate.	
2	Board documents and updates are received in a timely manner	
3	Members of the Management Team are present in the meetings to address the queries of Directors, if any.	
4	Board meetings are conducted effectively, with sufficient time is spent on significant or emerging matters.	
5	All meetings are scheduled with adequate notice and the agenda papers provide detailed information and are made available to the Directors in advance.	

6	The agenda and related information are circulated in advance of the meetings to allow Board members sufficient time to study and understand the information.	
7	The minutes of Board meetings are clear, accurate, consistent and complete & shared with the Directors in a timely manner and records dissenting views. The Board maintains adequate minutes of each meeting.	
8	Board members come to meetings well prepared and attendance at the meetings is satisfactory.	
D)	**OVERSIGHT OF FINANCIAL REPORTING PROCESS INCLUDING INTERNAL CONTROLS AND AUDIT FUNCTIONS**	
1	The Board considers the quality and appropriateness of financial accounting and reporting including transparency of disclosures.	
2	The Board reviews the Company's significant accounting policies.	
3	The Board understands the coordination of work between independent and internal auditors and clearly articulates its expectations of each.	
4	The Board appropriately considers the suggestions from the Audit Committee, internal audit reports, management's responses, risk framework and steps toward improvement.	
5	The Board reviews the audit fees paid to the auditors.	
6	The Board through Audit Committee reviews related party transactions.	
E)	**ETHICS AND COMPLIANCE**	
1	The Board is fully aware of the Company's code of conduct and has a well-developed sense of ethics.	
2	Board members oversee the process and are notified of communications received from governmental and regulatory agencies related to alleged violations or areas of non-compliance.	
3	The Board is fully engaged in Corporate Governance and regularly monitors the Company's performance in these areas and compliance with the Company's code of conduct.	
F)	**MONITORING ACTIVITIES**	
1	An annual performance evaluation of the Board is conducted and any matters that require follow-up are resolved and presented to the Board.	

Comments:

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:

Name of the Director:

Date:

SECTION II

PERFORMANCE EVALUATION OF BOARD COMMITTEES

(Note: To be submitted by each Director to the Chairperson of NRC)

A) AUDIT COMMITTEE

Sr. No	Particulars	Rating (1-5)
1	The Committee composition is optimum in size, skill, knowledge and experience	
2	The Committee has a well-defined Charter and is sufficiently empowered to discharge its duties as per its Charter.	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4	The mandate of the Board to the Committee of all matters are clear and adequate.	
5	The Committee makes periodical reporting to the Board along with its suggestions and recommendations.	
6	The Committee has adequate number of meetings and allocates the right amount of time for its discussions.	
7	The draft minutes are circulated to all Committee Members in a timely manner.	
8	Appropriate internal and external support or resources are available to the Committee.	
Comments:		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:
Name of the Director:
Date:

SECTION II

PERFORMANCE EVALUATION OF BOARD COMMITTEES

(Note: To be submitted by each Director to the Chairperson of NRC)

B) NOMINATION AND REMUNERATION COMMITTEE

Sr. No	Particulars	Rating (1-5)
1	The Committee composition is optimum in size, skill, knowledge and experience	
2	The Committee has a well-defined Charter and is sufficiently empowered to discharge its duties as per its Charter.	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4	The mandate of the Board to the Committee of all matters are clear and adequate.	
5	The Committee makes periodical reporting to the Board along with its suggestions and recommendations.	
6	The Committee has adequate number of meetings and allocates the right amount of time for its discussions.	
7	The draft minutes are circulated to all Committee Members in a timely manner.	
8	Appropriate internal and external support or resources are available to the Committee.	

Comments:

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:
Name of the Director:
Date:

SECTION II

PERFORMANCE EVALUATION OF BOARD COMMITTEES

(Note: To be submitted by each Director to the Chairperson of NRC)

C) CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

Sr. No	Particulars	Rating (1-5)
1	The Committee composition is optimum in size, skill, knowledge and experience	
2	The Committee has a well-defined Charter and is sufficiently empowered to discharge its duties as per its Charter.	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4	The mandate of the Board to the Committee of all matters are clear and adequate.	
5	The Committee makes periodical reporting to the Board along with its suggestions and recommendations.	
6	The Committee has adequate number of meetings and allocates the right amount of time for its discussions.	
7	The draft minutes are circulated to all Committee Members in a timely manner.	

8	Appropriate internal and external support or resources are available to the Committee.	
Comments:		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:
Name of the Director:
Date:

SECTION II

PERFORMANCE EVALUATION OF BOARD COMMITTEES

(Note: To be submitted by each Director to the Chairperson of NRC)

D) INVESTMENT COMMITTEE

Sr. No	Particulars	Rating (1-5)
1	The Committee composition is optimum in size, skill, knowledge and experience	
2	The Committee has a well-defined Charter and is sufficiently empowered to discharge its duties as per its Charter.	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4	The mandate of the Board to the Committee of all matters are clear and adequate.	
5	The Committee makes periodical reporting to the Board along with its suggestions and recommendations.	
6	The Committee has adequate number of meetings and allocates the right amount of time for its discussions.	

7	The draft minutes are circulated to all Committee Members in a timely manner.	
8	Appropriate internal and external support or resources are available to the Committee.	
Comments:		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:
Name of the Director:
Date:

SECTION II

PERFORMANCE EVALUATION OF BOARD COMMITTEES

(Note: To be submitted by each Director to the Chairperson of NRC)

E) RISK MANAGEMENT COMMITTEE

Sr. No	Particulars	Rating (1-5)
1	The Committee composition is optimum in size, skill, knowledge and experience	
2	The Committee has a well-defined Charter and is sufficiently empowered to discharge its duties as per its Charter.	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4	The mandate of the Board to the Committee of all matters are clear and adequate.	
5	The Committee makes periodical reporting to the Board along with its suggestions and recommendations.	

6	The Committee has adequate number of meetings and allocates the right amount of time for its discussions.	
7	The draft minutes are circulated to all Committee Members in a timely manner.	
8	Appropriate internal and external support or resources are available to the Committee.	
Comments:		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:
Name of the Director:
Date:

SECTION II

PERFORMANCE EVALUATION OF BOARD COMMITTEES

(Note: To be submitted by each Director to the Chairperson of NRC)

F) POLICYHOLDER PROTECTION, GRIEVANCE REDRESSAL AND CLAIMS MONITORING COMMITTEE

Sr. No	Particulars	Rating (1-5)
1	The Committee composition is optimum in size, skill, knowledge and experience	
2	The Committee has a well-defined Charter and is sufficiently empowered to discharge its duties as per its Charter.	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with.	
4	The mandate of the Board to the Committee of all matters are clear and adequate.	

5	The Committee makes periodical reporting to the Board along with its suggestions and recommendations.	
6	The Committee has adequate number of meetings and allocates the right amount of time for its discussions.	
7	The draft minutes are circulated to all Committee Members in a timely manner.	
8	Appropriate internal and external support or resources are available to the Committee.	
Comments:		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:
Name of the Director:
Date:

SECTION III

PERFORMANCE EVALUATION OF INDIVIDUAL DIRECTORS

(*Note: To be submitted by each Director to the Chairperson of NRC)*

Name of the Director *(who is being evaluated):*

Sr. No.	Particulars	Rating (1-5)
1	The Director understands the vision and mission of the company, strategic plan and key issues.	
2	The Director understands his / her role as Director, as distinct from management and engages with the Company's management, whenever required.	
3	The Director practices high standards of ethics and integrity in all dealings with or on behalf of the Company.	

4	The Director is constructive, fact based and expresses opinions and raises valid concerns and suggestions to the Board and its Committees.	
5	The Director is proactive and engages in discussions in an unbiased and independent manner.	
6	The Director considers stakeholders' interest while making decisions and always acts in the best interest of the Company.	
Comments		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:

Name of the Director:

Date:

SECTION IV

EVALUATION OF INDEPENDENT DIRECTOR

(*Note: To be submitted by each Director [excluding the Independent Director being evaluated] to the Chairperson of NRC)*

Sr. No.	Particulars	Rating (1-5)		
	Name of Independent Director	**Ms. Sandhya Sharma**	**Mr. Sudhir Kapadia**	**Mr. Sanjay Sachdev**
1	The Independent Director meets the requirements of independence prescribed under applicable laws and has no conflict of interest.			
2	The Independent Director provides strategic guidance to the Company			
3	The Independent Director brings external expertise and independent judgement that contributes strongly to the objectivity of the Board's deliberations.			
4	The interaction of the Independent Director with other Directors, Key Managerial Personnel and Management is effective and constructive.			
Comments				

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:

Name of the Director:

Date:

SECTION V

PERFORMANCE EVALUATION OF CHAIRMAN OF THE BOARD

(Note: To be submitted by each Director [excluding Chairman of the Board] to the Chairperson of NRC)

Sr. No.	Particulars	Rating (1-5)
1	The Chairman demonstrates effective leadership qualities and skills in developing and delivering Company's strategy and business plans.	
2	In Board meetings, the Chairman acts as an effective moderator and seeks inputs and views from all Board Members.	
3	Effective and timely implementation of Board Members suggestions/ feedback	
4	The Chairman considers stakeholders' interest during discussions and while making decisions.	
5	The Chairman brings convergence in case of divergent views and conflict of interest situation tabled at Board meetings.	
Comments		

(1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree, 5: Strongly Agree)

Signature:

Name of the Director:

Date:

Annexure – 2 - Appointment Letter for Independent Directors:

Date:

To,
Mr./ Mrs./ Ms. .....
.....
.....

Subject- Appointment Letter

Dear Sir/ Madam,

We are pleased to inform you that the shareholders of the Company vide resolution passed through Postal Ballot, result of which was declared on .....have approved your appointment as an Independent Director of the Company. The terms of the appointment are set out below. It may please be noted that this is not a contract of employment.

1. **TERMS OF APPOINTMENT:**

1.1 As per the provisions of sub-section (10) of Section 149 of the Companies Act, 2013 (the Act) and in accordance with the resolution passed by the shareholders at the_____general meeting held on___ __, result of which was declared on _____, your appointment as Independent Director of the Company commences from _____ and will continue until the Annual General Meeting of the Company to be held for the Financial Year _____(hereinafter "Term").

1.2 Your appointment shall not be subject to rotation as per the provisions of sub-section (6) of Section 152 of the Act.

1.3 Your appointment as an Independent Director of the Company is based, inter alia, on declaration by you that you comply with the conditions of independence as listed in Section 149(6) of the Act, read with relevant rules. If there is any change in circumstances affecting your independence, you are requested to immediately let the Board of Directors know of the same, in terms of Section 149 (7) of the Act.

1.4 Your appointment shall terminate automatically upon expiry of the Term, or if you vacate your office in terms of Section 167 of the Act before expiry of the Term. You are requested to please note that the Act does not permit any compensation for termination of office under any circumstance.

2. **DUTIES**

2.1 Code of Independent Directors of the Company (prepared in accordance with Schedule IV of the Act), states broadly the functions and duties expected to be discharged during your association with the Company as an independent director. Functions and duties listed out in the said code are inclusive and not exhaustive in nature and therefore should be allowed widest meaning and purport under the circumstances covered thereunder.

2.2 **Committees to be served**- You currently serve as a member of the _____ Committees. The Board may, after following due procedure, request you to serve on such committee(s)/ sub-committee(s) as the Board may deem fit, considering best corporate governance practices, your experience, exposure and insight. The Board may, while recommending your name on any committee(s)/ sub-committee(s) forward you broad terms of reference of the said committee(s)/ sub-committee(s), which shall form the mandate statement for that committee(s)/ sub-committee(s).

3. **REMUNERATION**

3.1 You will be entitled to such sitting fees for attending the Board or any Committee thereof as may be approved by the Board from time to time. Expenses incurred by you for the purpose of attending any meeting of the Board, or for participating through video conferencing, in accordance with norms set by the Board from time to time, will be reimbursed separately.

3.2 In addition to the sitting fees mentioned above, you are also entitled to commission subject to recommendation by the Board of Directors and approval thereof by the shareholders of the Company. For the Term of this appointment, the sitting fee and commission, if any, payable to you, will be reviewed annually by the Board.

3.3 During the Term, you are entitled, without prior notification to the Company, to seek appropriate independent legal advice in relation to Company matters at the expense of the Company as may be decided by the Board from time to time (including applicable taxes).

4. **GENERAL**

4.1 **Fiduciary duties and accompanying liabilities** – The Company expects that you will perform your general fiduciary duties and exercise such skill and care as is expected of every Director. We would like to mention that, without express authorization of the Board, you shall not commit the Company in any manner, including by way of making any statements on the Company's behalf or concerning the Company to the media, financial institutions or anyone associated with the stock market or investor community. Any views expressed by you without such express authorization by the Board shall be your personal views and the Company shall be entitled to issue a clarification to that effect, and take other protective measures as the situation would warrant.

You will be held liable, only in respect of such acts of omission or commission by a company which have occurred with your knowledge, attributable through Board processes, and with your consent (express or tacit) or where you have not acted diligently.

4.2 **Directors and Officers (D and O) Insurance** - You are entitled to the D & O Insurance cover as per the Company's Directors' and Officers' liability insurance.

4.3 **The Code of Business Ethics that the Compa**ny encourages its directors and employees needs to be adhered to.

4.4 **The Company expects that as a Director y**ou shall not undertake such acts or deeds which would amount to breach of your duties towards the Company, including but not limited to the following:

4.4.1 Any action that involves any violation of applicable law;

4.4.2 Any action that involves any breach, in letter and spirit, of the Company's Code of Business Ethics;

4.4.3 Any action that either involves the directors' personal interest except as disclosed as per applicable law, or unduly compromises or conflicts with the interest of the company.

4.5 We confirm that:-

(a) you will be allowed full access to all information in or about the Company and its affairs which is available to the executive directors;

(b) the KMPs and the Board of Directors shall facilitate you to perform your role effectively as a Board member and also as a member of the committee(s) where you are member; and

(c) agenda for Board meetings and all relevant papers which require study before Board meetings will be provided to you in good time (save in exceptional circumstances) to allow you to consider them in advance of meetings (and likewise for the proceedings of committees).

Yours sincerely,
For and on behalf of Magma General Insurance Limited

Managing Director and Chief Executive Officer

I agree to the terms and conditions set out above regarding my appointment as Independent Director of Magma General Insurance Limited.

Mr./ Mrs./ Ms. .....
Independent Director
(DIN: .....)