CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED

REMUNERATION POLICY

July 2026

DOCUMENT MANAGEMENT

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1. Introduction and Background

Cholamandalam Investment and Finance Company Limited (hereinafter referred to as 'CIFCL' or 'the Company') is a public limited company incorporated under the provisions of Companies Act 1956. The Company has its securities listed on recognized stock exchanges in India. The Company is registered as a non-deposit taking Non-Banking Financial Company (Investment and Credit Company) ('NBFC-ICC') with the Reserve Bank of India ('RBI'). Based on its asset size, the Company is classified as an Upper Layer NBFC. The Company is primarily engaged in the business of lending activities.

In terms of Chapter IV of the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions dated November 28, 2025 ('RBI Directions'), read with Part D(A)(1) of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'), as amended from time to time, the Company is required to put in place a policy governing the remuneration of Directors, Key Managerial Personnel and other employees, including measures to address excessive risk-taking arising from misaligned compensation structures.

In light of the aforementioned provisions the Board of Directors of the Company, upon the recommendation of the Nomination and Remuneration Committee ('NRC') have put in place this Remuneration Policy ('the Policy') laying down the framework for remuneration of members of the Board of Directors ('BoD'), Key Managerial Personnel ('KMP'), Senior Management and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated under Section 178 of the Companies Act, 2013 and rules framed there under, regulation 19 read with Part D of Schedule II of the SEBI Regulations and is designed to ensure remuneration is reasonable and sufficient to attract, retain and motivate competent resources, establishes a clear linkage between remuneration and performance and appropriately balances short and long-term performance of the Company.

This Policy further incorporates the requirements prescribed under the applicable RBI Directions to ensure that the remuneration / compensation structures are aligned with prudent risk-taking and that all applicable statutory mandates and the rules and directions issued under them are fully complied with.

This Policy also reflects the remuneration philosophy and principles of the Murugappa Group and takes into account prevailing market practices and peer benchmarks to ensure that remuneration structures remain competitive, equitable and appropriately aligned with the Company's objectives.

This policy has been duly approved by the Board of Directors of the Company and is suitably and periodically reviewed.

2. Objectives of the Policy

The primary objectives of this Policy are:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.
- To establish compensation practices that are fair, consistent and merit-based, aligned with

individual roles and responsibilities, the Company's strategic objectives, and applicable regulatory requirements.

- To ensure robust governance over compensation matters and align remuneration structures with prudent risk-taking.

3. Scope and applicability

This policy will be applicable to all Directors, Senior Management and other employees of the Company.

4. Definitions

a. **Act** shall mean the Companies Act 2013 and Rules framed there under, as amended from time to time.
b. **Board** shall mean Board of Directors of the Company.
c. **Directors** shall mean Directors appointed on the Board of the Company.
d. **Clawback** shall mean an employment obligation between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances or empowers the Company to recover previously paid or vested remuneration by the Company under certain circumstances.
e. **Committee** shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act read with Regulation 19 of the SEBI Regulations.
f. **Employees' Stock Option** shall mean the option given to the Employees of the company and its subsidiary company or companies, which gives such 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.
g. **Independent Director** shall mean a Director referred to in Section 149 (6) of the Act read with Regulation 16 (1) (b) of SEBI Regulations.
h. **Key Managerial Personnel** in relation to the Company shall mean (i) the Chief Executive Officer or the Managing Director (ii) the Company Secretary; (iii) the Whole-time Director; (iv) the Chief Financial Officer; and (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. *(Section 2 (51) of the Act)*
i. **Malus** arrangement shall mean where the Company prevents the vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
j. **Retention period** shall mean the period after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.
k. **Senior Management** for the purposes of this policy shall mean the officers and personnel of the Company including the Chief Executive Officer or Managing Director or Whole Time Director and shall specifically include the persons identified and designated as key managerial personnel, other than the board of directors and heads of Risk, Internal Audit, Information Technology, Operations, Human Resources and such other personnel as may be determined by the NRC from time to time.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in Act/Regulations/Directions as may be amended from time to time shall have the meaning respectively *assigned to them therein.*

5. Governance structure

a. Nomination and Remuneration Committee

In compliance with the provisions of Section 178 of the Act read with provisions of SEBI Regulations and RBI Directions, the Board of the Company has formulated a 'Nomination and Remuneration Committee' chaired by an independent director. The Committee comprises of non-executive directors, with at least two-thirds of the members being independent directors. The roles, responsibilities, powers and functions of the NRC have been defined by the Board in the Committee's Terms of Reference in accordance with the provisions of applicable statutory and regulatory requirements.

6. Remuneration structure for Directors, Senior Management and other Employees

The remuneration / compensation / commission, etc. of the Directors will be subject to the approval of the shareholders of the Company and/or any other regulatory authority, wherever required. The remuneration and commission to be paid to the directors will be in accordance with the percentage / slabs / conditions laid down in the provisions of the Act and RBI Regulations.

a. Remuneration of Non-Executive Directors including Independent Directors

i. Non-Executive Directors ("NEDs") will be paid remuneration by way of Sitting Fees and Commission. The remuneration/ commission/ compensation to the NEDs will be decided by the Board in accordance with the provisions of this policy and subject to applicable statutory and regulatory limits.
ii. The aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters, as may be decided by the Board.
iii. As approved by the shareholders at the shareholders' meeting, Commission will be paid at a rate computed in accordance with the applicable provisions of the Act. The Commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
iv. The payment of the Commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and other Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
v. The sitting fees paid to independent directors and women directors will not be less than the sitting fees paid to other directors.
vi. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
vii. Independent Directors will not be eligible to receive stock options under the employee stock option scheme/plan ("ESOP") of the Company.
viii. Where the annual remuneration payable to a single Non-Executive Director exceeds 50% of the total annual remuneration payable to Non-Executive Directors, the approval of the shareholders in the manner specified in applicable laws/ regulations shall be obtained.
ix. The Directors and other managerial personnel may be paid remuneration in case of no profits or inadequate profit in addition to the sitting fees as per the provisions of Schedule V of the Act.
x. In addition to the Sitting Fees and Commission, the Company may pay to any director such fair and

reasonable expenditure, as may have been incurred by the director while performing his / her role as a Director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board Committee meetings, General Meetings, court convened meetings, meetings with Shareholders / Creditors / Management, site visits, induction and training (arranged by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a director.

b. Remuneration of Executive Directors

xi. The compensation paid to the Executive Directors (including Managing Director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Companies Act, 2013.

xii. The fees or compensation payable to an Executive Director who is a Promoter or member of Promoter Group, shall be subject to the approval of shareholders in the manner prescribed under the applicable regulations, if the annual remuneration payable to such Executive Director exceeds the threshold limits as specified in applicable regulations, and the approval so granted shall be valid till the expiry of the term of such Director. *(For the purpose of this policy, the terms 'Promoter' and 'Promoter Group' shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any amendment thereof.)*

xiii. The elements of compensation of the Executive Director will include the elements as described under clause 6 (c) of this policy.

xiv. The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the Executive Director based on Company's and individual's performance as against the pre-agreed objectives for the year.

xv. The Executive Directors, except a promoter director, will also be eligible for ESOPs as per the ESOP scheme/plan in force from time to time. Grants under the ESOP scheme/plan shall be approved by the NRC.

xvi. In case of inadequacy of profit in any financial year, the remuneration payable to the Executive Director shall be further subject to the relevant provisions of the Act.

xvii. Executive Directors will not be paid sitting fees for any Board/ Committee meetings attended by them.

xviii. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration will be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

xix. A Director may receive any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report.

c. Remuneration to Key Managerial Personnel / Senior Management / Other Employees

The Company's remuneration framework is designed to support its long-term vision and business strategy, while being fair, transparent and sustainable. Remuneration decisions are made in good faith, with due regard to the role and responsibilities of each position, internal parity and relevant market practices. The framework seeks to attract and retain competent talent through competitive yet prudent compensation, encourages performance through appropriate incentive structures, and remains flexible to meet organisational and individual needs, while ensuring affordability and compliance with applicable laws.

Principles for compensation:

The compensation of Senior Management will recognize all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

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

The NRC will recommend to the Board all remuneration / compensation, in whatever form, payable to Senior Management.

The Company's total compensation for Senior Management and other employees will comprise of:
- fixed compensation
- variable compensation in the form of annual/Deferred cash incentive
- benefits
- work related facilities and, perquisites and loans & advances in accordance with their service conditions
- such other benefits/perquisites as may be periodically determined relevant by the HR policies of the Company.

In addition to the above, select senior executives may be eligible for long-term incentive plans in the form of ESOPs, as per the ESOP scheme/plan in force from time to time. All grants under the ESOP scheme/plan will be approved by the NRC.

Principles of Fixed Pay structures:

Fixed compensation will be determined on the basis of 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.

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

Based on the grade and seniority of employees, benefits for employees include:
- Health-Related
- Health (hospitalization) insurance
- Accident and Life insurance
- Retirement-Related
- Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity, etc.)

Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the Grade of the employee.

Principles of Variable Pay Structure: This includes an Annual Incentive linked to performance of a particular employee.

- The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of the role.
- At higher levels of responsibility, the proportion of variable pay needs to be higher.
- There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments.
- The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level. In order to do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism as fair.

Composition of Variable Pay: Variable pay for executives will be determined based on individual performance, business or functional outcomes, and the overall performance of the Company, in line with the Balanced Scorecard approved from time to time. Performance evaluation will consider achievement of individual targets, role-based performance expectations, and budgeted objectives. The proportion of variable pay will be aligned with the role and prudent risk-taking profile of Key Management Personnel and Senior Management. The composition of variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It will be ensured that the share-linked instruments are in conformity with relevant statutory provisions. A formal annual performance management process will apply across all levels, with revisions to fixed and variable compensation linked to performance ratings.

Balance Score Card ('BSC'):

The NRC shall approve the corporate BSC applicable for Senior Management every financial year. The BSC shall consist of qualitative and quantitative components/parameters such as (i) financial perspective covering Return on assets, net credit losses, profit before tax, capital adequacy, opex ratio, cost of funds; (ii) customer perspective covering partnerships, in-house skills development, customer journey improvements, (iii) internal business perspective, (iv) learning and growth covering people strategy, employee engagement and subsidiaries.

Each parameter shall be assigned a weightage and variable pay for Senior Management will be determined based on the achievement of corporate BSC under each parameter.

Employees Stock Options ('ESOPs'): Employees may be eligible for ESOPs as per the ESOP scheme/plan approved by the Shareholders and in force from time to time. The objective of the ESOP scheme/plan will be to reward employees for their contribution to the long-term growth and profitability of the Company by providing a platform to share the value they create for the Company.

Overall compensation shall be subject to periodic reviews which shall take into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

Where any insurance is taken by the Company on behalf of its Directors, Senior Management or any other employee for indemnifying them against any liability arising from the discharge of their duties, the premium paid on such insurance shall not be treated as part of the remuneration payable to such personnel.

Deferred Variable Pay: Based on the time horizon of risks, the Board, upon the recommendation of the NRC, may determine the portion of variable pay (cash and non-cash) for Senior Management Personnel that will be deferred. Employee stock options granted under the ESOP scheme will form part of such deferred variable pay, with vesting in phased tranches over a period of four years, subject to achievement of performance criteria and the Company's sustained profitability. Severance payments, where applicable, will be governed by the terms of the employment agreement and applicable regulatory requirements.

Control and Assurance function personnel: Senior management engaged in financial control, risk management, compliance and internal audit will be compensated independent of the business areas and shall commensurate with their key role in the company. Accordingly, such employees will have higher proportion of fixed compensation. Their variable pay shall be on the achievement of the corporate Balanced score card and shall have no achievement parameters on direct business score cards.

Guaranteed bonus - Guaranteed Bonus may not be paid to Senior Management. However, in the context of new hiring joining/ sign-on bonus could be considered. Such bonus will neither be considered part of the fixed pay nor variable pay.

d. Malus and Claw back provisions:

Malus and clawback provisions will apply across all variable and incentive-based compensation of Directors, Senior Management and other employees of the Company, excluding fixed pay as defined above.

- **Malus** may be applied to variable compensation that has not yet vested, or has vested but remains unpaid or unexercised, including deferred pay and ESOPs, by reducing or cancelling such amounts in whole or in part.

- **Clawback** may be applied to variable compensation, including retention bonuses and other incentives, that has already vested and been paid, and may extend to amounts paid in the preceding four years. Clawback provisions will continue to apply even after an employee's separation from the Company.

The Board upon the recommendation of NRC, may invoke malus and/or clawback provisions in respect of the variable pay, including deferred variable pay and cancellation of vested but unexercised ESOPs, upon the occurrence of any of the following events within a period of 3 years. These provisions shall be applicable across all categories of employees.

Trigger Events for Malus and Clawback:

a) Involvement in pecuniary fraud, misappropriation, theft, corruption, embezzlement, or any act of serious misconduct, including wilful, reckless or gross negligence, insubordination, or conduct detrimental to the interests of the Company, as determined by the NRC.
b) Conviction pursuant to a complaint under the Prevention of Sexual Harassment (POSH) framework.
c) Conviction in relation to any fraud committed during the course of employment with the Company. In such cases, ESOPs granted to the employee may be cancelled upon termination for misconduct or material breach of employment terms, in accordance with the ESOP scheme.
d) Wilful misrepresentation, misstatement or misreporting of the Company's financial performance or disclosures.
e) Material failure of risk management controls or material losses arising from negligent, reckless or imprudent risk-taking attributable, directly or indirectly, to the employee.
f) Wilful, reckless or grossly negligent conduct that results in material harm to the interests or reputation of the Company or any of its affiliates, whether financial or otherwise.
g) Material breach of the Code of Conduct, confidentiality or non-disclosure obligations, internal policies, regulatory procedures or applicable laws, or any other circumstance where the NRC, in its discretion, considers it appropriate to invoke malus and/or clawback provisions.
h) Material regulatory or statutory non-compliance attributable to the employee, resulting in supervisory action, penalties, adverse observations or reputational impact on the Company.
i) Failure to disclose, or improper handling of, a material conflict of interest, including related party transactions, in violation of applicable policies or regulatory requirements.
j) Discovery of misconduct or material breach of obligations after cessation of employment, in respect of actions taken during the employee's tenure with the Company.

Process for applying Malus / Clawback provisions:

(a) The Managing Director shall place before the NRC cases where invocation of malus and/or clawback in respect of variable pay or incentives, including ESOPs (paid, vested, or unvested), is proposed.
(b) Prior to the invocation of Malus & Clawback to any part or all of variable pay or incentives including ESOPs, the NRC shall order an independent enquiry about the facts of the event(s) in detail.
(c) The NRC shall also take into consideration all relevant factors, including inter alia, roles and responsibilities of the concerned Employee, degree of culpability and proximity to the misconduct as well as any external factors as may be relevant.
(d) The NRC shall also review the act of Misconduct or any of the aforesaid events to ascertain the degree of accountability, prior to applying the Malus or Clawback arrangement.
(e) The NRC shall follow due process and adhere to the principles of natural justice and proportionality and shall provide an opportunity of being heard to the employee.
(f) The Chairman of the NRC shall then submit the recommendation report to the Board for consideration.
(g) The terms of appointment of Senior Management shall include appropriate malus and clawback provisions, as recommended by the NRC and approved by the Board.

7. **Disclosures:**

The Company shall make appropriate disclosures in its financial statements with respect to remuneration of its directors in accordance with the provisions of Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as may be amended from time to time and applicable SEBI Regulations.

8. **Committee Members interest:**

   i. A member of the Committee shall not be entitled to be present when his or her own remuneration is being discussed at a meeting or when his or her performance is being evaluated.
   ii. The Committee may, at its discretion, invite such executives or other persons as it considers appropriate to be present at meetings of the Committee.

9. **Policy Review**

This Policy shall be reviewed by the Nomination and Remuneration Committee at least annually and as required in response to changes in the regulatory framework or business and operational needs. The Committee shall recommend the revised Policy to the Board for approval. Any deviation from this Policy shall be permitted only with the approval of the Board, unless expressly provided otherwise herein.

Any amendments to the Policy shall be communicated to relevant employees (including outsourced personnel, where applicable) and other stakeholders across the Company.

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