

Remuneration Policy for Directors, Key Managerial Personnel, Senior Managerial Personnel and other employees of Persistent Systems Limited and its subsidiaries

A. Introduction:

Persistent Systems Limited and its subsidiaries (PSL / the 'Company') recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. Therefore, the Company has formulated the remuneration policy for its directors, key managerial personnel, Senior Managerial Personnel and other employees of the Company keeping in view the following objectives:

1. The composition of remuneration is reasonable and industry comparative to attract, retain and motivate the employees at different levels.
2. Relationship of remuneration to performance is transparent and well disclosed to its employees ahead of payment.
3. Remuneration has a balance between fixed and variable pay and is supported with suitable long-term incentives, on need basis.

B. Scope:

This Policy sets out the guiding principles for the Compensation and Benefits Team of the P&OD Department and the Nomination and Remuneration Committee for recommending to the Board the remuneration of the Directors, Key Managerial Personnel, Senior Managerial Personnel and other employees of the Company and its subsidiaries.

C. Definitions:

In this Policy, the following terms shall have the following meanings:

1. **"Director"** means a director appointed to the Board of the Company.
2. **"Key Managerial Personnel"** means
 - a. the Managing Director
 - b. the Chief Executive Officer
 - c. the Executive / Whole-Time Director
 - d. the Chief Financial Officer
 - e. the Company Secretary; and
 - f. such other officer as may be prescribed under the Companies Act, 2013
3. **"Senior Managerial Personnel"** means members of its core management team excluding Board of Directors. The Core Management Team of the Company is the Chief Executive Officer, Chief Financial Officer, Chief People Officer, Chief Planning Officer, Chief Delivery Officer, Chief of Staff, Chief Corporate Development Officer, Chief Information Officer, Chief Marketing Officer, EVP Sales, and General Counsel.

Senior Managerial Personnel will also mean any person having compensation (Base + Annual Variable except LTI)s

- a. More than INR 1.50 Cr. in India
- b. More than USD 500K in the RoW

And any additional designation/role as may be recommended by the MD/CEO to, or included by the Nomination and Remuneration Committee of the Board from time to time.

4. **“Nomination and Remuneration Committee”** means the committee constituted by the Board of Directors of the Company in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

D. Policy:

1. Remuneration to Executive / Whole-Time Directors, Key Managerial Personnel and Senior Managerial Personnel

The Board, on the recommendation of the Nomination and Remuneration Committee (NRC), shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

The Board, on the recommendation of the NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel and Senior Managerial Personnel of the Company.

Appointment of the Senior Managerial Personnel of the Company should be approved by NRC and thereafter by the Board. Before sending recommendation to NRC, appointment should be recommended by Chief People Officer, Chief Executive Officer and Chief Finance Officer.

The broad remuneration structure of the Executive Directors, Key Managerial Personnel and Senior Managerial Personnel include any of the following components:

- a. Basic Pay
- b. Perquisites and Allowances
- c. Commission (Applicable in case of Executive Directors)
- d. Long term incentives (such as ESOPs/RSUs)
- e. Retiral benefits
- f. Annual Performance Bonus
- g. Any other component as may be mandatory in terms of the local statutory payroll norms for any employee

The Variable Components of the Key Managerial Personnel and Senior Managerial Personnel of the Company are as follows:

- a. Company Performance Bonus (CPB)
 - i. Based on Company Revenue and
 - ii. Based on Company EBIT/PBT/PAT
- b. Individual Performance Bonus (IPB)
 - i. Based on Individual Objectives as set in Performance Management & Health Management system (PHMS)
- c. Soft Parameters
 - i. As decided by reporting manager

Any change in remuneration structure or exception to above remuneration structure or change in criteria for variable component should be intimated to NRC.

The Annual Plan and Objectives, if any for Executive Directors and Senior Executives (Executive Committee) shall be reviewed by the NRC before finalization.

The Annual Performance Bonus for the Key Managerial Personnel and Senior Managerial Personnel shall be approved based on the achievements against the Annual Plan and Objectives by the Executive Directors to whom ultimate reporting is identified under the organizational hierarchy.

The Annual Performance Bonus for the Executive Directors will be approved by the NRC based on the achievements against the Annual Plan and Objectives.

Corporate Secretarial team to share Board Approved Remuneration for Executive / Whole-Time Directors, Key Managerial Personnel and Senior Managerial Personnel with the Compensation and Benefit ('Comp. & Ben.' / 'C&B') Team for implementation. C&B Team to intimate the Payroll Team for further processing.

2. Remuneration to Non-Executive Directors

The Board shall review and approve the remuneration payable to the Non-Executive Directors on the Board of Directors of Persistent Systems Limited on a periodical basis. The overall remuneration shall be within the overall limits approved by the shareholders.

Non-Executive Directors mentioned above shall be entitled to sitting fees in terms of the Companies Act, 2013 for attending the meetings of the Board and the Committees thereof. These Non-Executive Directors shall also be entitled to the Annual commission plus service tax in addition to the sitting fees.

3. Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the Company. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs within the company and in the industry, as well as in terms of the local statutory pay roll norms.