

Insert company Logo



| Policy Name: | **Compensation and Benefits Policy** | |
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| Policy Number: |  | |
| Version: | | Effective Date: |

|  | **Name** | **Designation** | **Signature** | **Date** |
| --- | --- | --- | --- | --- |
| Prepared By: |  |  |  |  |
| Reviewed By: |  |  |  |  |
| Approved By: |  |  |  |  |

| **Date** | **Version** | **Summary of Change** |
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# **DEFINITION**

1. **Compensation** encompasses the entire range of salaries and benefits, both current and deferred, that employees receive during their employment with ***“Company Name”***. In the Employment Cost Index, compensation includes the employer’s cost of salaries, plus the cost of providing employee benefits.
2. **Benefits** are non-financial compensation provided to an employee as part of the employment.
3. **Company/ Organization** means all the businesses which are under the umbrella of **“Company Name”** group.
4. **Member/ Employee** means a person employed with ***“Company Name”*** at all levels for wages or salary.
5. **Management** means the group of individuals that operate at the higher level at ***“Company Name”*** and have day-to-day responsibility for managing all individuals and maintaining responsibility for all the key business functions.

# **PURPOSE**

To provide a framework to create, modify and maintain appropriate compensation and benefits programs and processes with adequate supervision and control.

To maintain a fair and transparent structure.

# **APPLICABILITY**

The policy is applicable to all members of the ***“Company Name”*** across all the locations and branches.

# **RESPONSIBILITY & ACCOUNTABILITY**

Human Resource Department, Management

# **POLICY**

This policy provides guidelines for compensating employees according to their employment status. It is our constant endeavor to ensure that we are compensating our employees in an equitable manner and in keeping with current market trends.

Our compensation system takes into account factors like role, competency, experience, grade and availability of talent to differentiate/arrive at the payscale of an individual.

## **Compensation Structure**

To meet the organizational objective of attracting, rewarding and retaining talent, compensation is delivered through a composition of methods as below:

1. Annual Guaranteed Pay
2. Variable Pay
3. Long Term Pay
4. Fringe/ Non-Monetary Benefits

### **Annual Guaranteed Pay**

Annual Guaranteed Pay includes **basic salary** and **optional allowances** as maybe available to eligible employees.

Optional allowances include house rent allowance, medical allowance, conveyance allowance, leave travel allowance, uniform allowance, fuel allowance, driver allowance, car maintenance allowance and others. It also includes retrials like superannuation allowance, statutory contributions such as Employer’s contribution to Provident Fund, ESIC and Gratuity. The company shall endeavor to ensure that the annual guaranteed pay reflects the following:

* Job
* Grade
* Performance
* Experience
* Market pay position

### **Variable Pay**

#### **Performance Bonus/ Incentives**

The quantum of variable pay is based on company and individual performance. Variable pay is given in the form of performance bonus or incentives as applicable. The design of the variable is linked to the individual employee’s performance rating which is arrived by assessing performance delivered against a set of predefined set of objectives.

Incentive payouts are based on individual performance targets as maybe defined from time to time.

#### **Bonus**

The quantum of bonus will not exceed (percent)% of the total fixed pay in a year. If the variable pay exceeds (percent)% or more of the fixed pay, the payout will be (percent)% of the bonus upfront while the rest of the amount will be a deferred payout over the following (number of years).

#### **Guaranteed Bonus**

A guaranteed bonus is not consistent with pay for performance principles or remuneration plans of the Company. However, joining in or sign on amounts at the level of  (designation) and above will be limited to the first year only and will be in the form of  Employee Stock Options/Sign On Amount/ joining bonus.

#### **Severance Pay**

***“Company Name”*** will not grant any severance pay other than accrued benefits (Gratuity, Pension) except in cases where it is mandatory by any act/ law and with the prior approval of the Board.

### **Long Term Pay** (usually given by finance sector)

At ***“Company Name”*** we understand the need to encourage employees who are the backbone of the organization.

Long term pay maybe administered through employee stock options,

* **Employee Stock Option Plan (ESOP)**

ESOP supports the employees to become active stakeholders of the company.

ESOP is kept outside the employee compensation structure in keeping with the rules laid down for its issue. The allotment of ESOP would depend on the grade, performance, merit, length of service, future potential contribution, conduct of the employee and other such parameters.

### **Fringe/ Non-Monetary Benefits**

These benefits are provided to employees to supplement rewards and meet their non-financial and other requirements and are linked to their level in the organization

Few Examples are listed below; Company can modify, delete or add more non cash benefits if required-

* Hospitalization/ Medical insurance for employees and their dependents.
* Group term insurance for employees
* Personal accident insurance for employees as applicable.
* Company car for employees above grade *(grade).*
* Club membership for employees above grade *(grade).*
* Reimbursement of Gym membership.
* Birthday/ Anniversary Leave.
* Impromptu Appreciation Celebrations.
* Annual Rewards and Recognition Event.
* Canteen Facility, with free meal coupons worth (Rs) per month.
* Crèche Facility/ child care facility at factory/ office premise where more than 100 workers/ employees are employed.
* Corporate Discounts
* Paid Vacation
* Office perks which include board games at work, nap rooms, free food and beverages.
* Wellness Programs
* Free library membership
* Free movie, concert, match tickets
* Per friendly office
* Student loan assistance
* Flexible work hours
* Remote working/ Work From Home
* Personal Growth Development

## **Payroll Practices and Disbursement**

Payroll Cycle is (from) & (To)

Employees’ salaries will be disbursed on the *(date)* of every month.  If the regular pay date falls on a Sunday/ holiday, the Company will attempt to make the disbursement on the previous working day otherwise on the first business day after the holiday.

Salary will be transferred into Employees bank account.

## **Salary Deductions and withholding**

The Company will withhold the following from the employee’s salary:

* Taxes
* Insurance
* Other Deductions

## **Compensation Review**

### **Fitment of new Employees**

Pay ranges of the Company are set on the basis of academic and professional credentials of the incumbent and further on the specific job role and competency skill sets of the individual.

There might be certain key profiles which might have to be hired at a premium and treated as an exception to the pay scales laid down. Any such deviations will need to be approved by the management while being accompanied with suitable justification.

### **Increments/ Pay Revision**

Increase in fixed pay will happen annually with effect from April 1 of every calendar year. However there could be some events such as promotions, confirmations or change in job dimensions that could lead to changes in fixed pay during other times of the year. The organization could also make salary corrections and adjustments during the year for those employees whose compensation is found to be below the market pay and who have a good track record with respect to performance. However these would be done on an exception basis with the express approval from the appropriate authority.

# **RESTRICTIVE CLAUSE**

* + Any exceptions to the above would be at the sole discretion of the Management.
  + Management reserves the right to change and or modify the policy without stating any reason.
* The organization reserves its right to withdraw this policy without assigning any reason by using its sole discretion which will be binding on all members. The Employees hereby unconditionally agree to all such changes/ amendments/ additions/ deletions/ modifications.
* The Company's reputation and credibility are based upon its total commitment to ethical business practices and also on ethical conduct of its Employees. To safeguard the Company's reputation, Employees must conduct themselves in accordance with the highest ethical standards and also be perceived to be acting ethically at all times. Compliance with all policies of the Company, relevant applicable laws and regulations is the minimum standard which should be adhered to by all the Employees all the times.