

NOTE FROM THE CHIEF HUMAN RESOURCES OFFICER**Amendment to Compensation Policy**

Forum at which discussed	Submitted to the BGNRC and the Board
Frequency	As and when required
Purpose	To seek approval of the Board for amendment to Compensation Policy.
Significant changes since the last review and material disclosures	Clause no. 1.4 is included in the policy as given below: The Committee will recommend to the Board approval of the fixed pay, benefits, perquisites, concessional staff home loan, retirals, bonus and stock options grants for the MD & CEO / WTDs & equivalent positions in line with ICICI Group norms. Fixed pay will include basic pay, allowances and any other form of fixed pay, paid monthly, annually or deferred. This will be subject to necessary approvals, as may be required.

NOTE FROM THE CHIEF HUMAN RESOURCES OFFICER**Amendment to Compensation Policy**

The Board at its meeting held on April 30, 2019 on recommendation of the Board Governance, Nomination and Remuneration Committee had approved the Compensation Policy (the Policy) of the Company. The Policy was last amended by the Board at its meeting held July 17, 2020.

It is proposed to amend the Policy to incorporate fixed pay, benefits, perquisites, concessional staff home loan, retirals, bonus and stock options grants for the MD & CEO / WTDs & equivalent positions in line with ICICI Group norms. Fixed pay will include basic pay, allowances and any other form of fixed pay, paid monthly, annually or deferred. This will be subject to necessary approvals, as may be required.

The amended copy of the Policy is enclosed as annexure.

If recommended by the BGNRC the Board is requested to approve the amended compensation policy of the Company.

Sd/-

Ashish Kakkar
Chief Human Resources Officer

Originating Group: Human Resources Management Group

Compensation Policy

The Company has always followed prudent compensation practices under the guidance of the Board and the Board Governance Nomination & Remuneration Committee (the BGNRC or the Committee). The Company's approach to compensation is intended to drive meritocracy and link the same to performance of the Company and individual.

The Company's current compensation practices have been reviewed as per following principles for designing & implementing sound compensation practices.

1. Effective governance of compensation
2. Compensation philosophy aligned with prudent risk taking
3. Effective supervisory oversight and stake holder engagement

1. Effective Governance of Compensation

- 1.1. The BGNRC will have over-sight over- framing, review and implementation of the Company's compensation policy on behalf of the Board.
- 1.2. The BGNRC will be composed of at least three non-executive directors out of which not less than one half shall be independent directors. The BGNRC will be chaired by an Independent Director.
- 1.3. The Management team will annually present the financial and strategic plans of the Company to the Board. The Committee will define Key Performance Indicators (KPIs) for the Managing Director & Chief Executive Officer (MD & CEO) and other Whole-Time Directors (WTDs) & equivalent positions, based on the financial and strategic plans approved by the Board.
- 1.4. The Committee will recommend to the Board for approval of the fixed pay, benefits, perquisites, concessional staff home loan, retivals, bonus and stock options grants for the MD & CEO / WTDs & equivalent positions in line with ICICI Group norms. Fixed pay will include basic pay, allowances and any other form of fixed pay, paid monthly, annually or deferred. This will be subject to necessary approvals, as may be required.
- 1.5. The Committee will approve the organisational performance norms for annual bonus and assess the achievements against such norms. Based on such assessment, the Committee will recommend the performance bonus payment to the Board for approval. The Committee may also recommend 'nil' annual bonus based on its assessment.
- 1.6. The MD & CEO and Chief Human Resource Officer will be responsible for execution of the compensation strategy and plan (covering both fixed pay and variable pay) for the rest of the Company in line with the compensation policy. Chief Financial Officer will provide the necessary performance achievement and risk inputs for various businesses.
- 1.7. The MD & CEO and Chief Human Resource Officer will ensure that employees engaged in financial and risk control functions are compensated independent of business areas they oversee and the compensation of such employees is in line with rest of the Company. Employees engaged in financial and risk control must

be independent and have appropriate authority, which is necessary to preserve the integrity of financial and risk management

- 1.8. The Chief Human Resource Officer will present the compensation methodology for review to the BGNRC annually or the timeline set by the BGNRC.

2. Compensation philosophy aligned with prudent risk taking

Fixed Pay

- 2.1. To ensure effective alignment of compensation with prudent risk taking, the BGNRC will take into account adherence to the risk framework in conjunction with which the financial plan/targets, that are been formulated.
- 2.2. The Company will have a judicious and prudent approach to compensation and will not use compensation as the sole lever to attract and retain employees. Employee compensation will take into account a mix of external market pay and internal equity.
- 2.3. The total compensation will be a prudent mix of fixed pay and variable pay. Fixed pay will include basic pay, allowances, perquisites, contribution towards retirals and any other form of benefits including reimbursable perquisites with monetary ceilings.
- 2.4. The fixed pay will be designed based on the position, level, skill and experience.

Variable Pay

- 2.5. The variable compensation will be in the form of Long Term Incentives(LTI), Employee Stock Options granted by ICICI Bank, &/or cash Bonus.
- 2.6. The variable-pay payout schedules will be sensitive to the time horizon as specified in the guidelines. The compensation budget of the Company will be based on projected levels of business and employee requirements, revenue generation and the desired level of cost-to-income ratio.
- 2.7. The proportion of variable pay to total compensation will be varying for different roles as per the Company's policy approved by the BGNRC from time to time.
- 2.8. Quantum of LTI and bonus for an employee shall be as per the prevailing policy of the Company, which will be within regulatory/statutory guidelines, if any. The same shall be approved by the BGNRC from time to time.
- 2.9. The quantum of variable pay for MD & CEO / WTDs will not exceed 300% of the total fixed pay in a year. At least 50% of the compensation shall be variable as a design. However, they can earn lesser variable pay based on various performance criteria. For MD & CEO / WTDs, if the quantum of variable pay is up to 200% of the fixed pay, at least 50% of the variable pay will be via non-cash instruments and if it is above 200% (max up to 300%) of the fixed pay, at least 67% of the variable pay will be via non-cash instruments. A minimum of 60% of the total variable pay will be under deferral arrangement (deferment). Additionally, at least

50% of the cash component of the variable pay will be under deferment. If the cash component is under ₹ 25 lacs, the deferment shall not be applicable.

The deferral period would be spread over a minimum period of three (3) years (deferment period). The frequency of vesting will be on annual basis and the first vesting shall not be before one year from the commencement of deferral period. The vesting shall be no faster than a prorata basis. Additionally, vesting will not be more frequent than on a yearly basis.

Employee Stock Options

- 2.10. Employee Stock Options (ESOPs) are and will be a part of the total compensation structure for MD & CEO / WTDs
- 2.11. Employees Stock Options Scheme (ESOS), in line with Companies Act and other guidelines/law as may be applicable, will aim at achieving twin objectives of aligning senior management compensation to long term shareholders' interests and retention of employees identified as high potential.
- 2.12. The ESOPs will be granted in accordance with the prevailing scheme of the ICICI Bank and guideline issued by regulator/other statutes, if any.
- 2.13. The stock options scheme will be approved by the Shareholders of the Company. The BGNRC will recommend the grant of stock options to the Board, which will in turn recommend the same for approval by the Shareholders.
- 2.14. Guidelines for the same will be presented to the BGNRC by Chief Human Resource Officer for necessary approvals and implementation.

Malus and Claw back

- 2.15. In the event of a reasonable evidence of deterioration in financial performance, in the form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more; the BGNRC may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic social or other conditions whether in or outside the control of the Company or any person and other relevant factors. In deciding to apply or not apply malus /claw back on none, part or all of the variable compensation of the previous year, BGNRC shall in its evaluation shall have due regard to principles of proportionality and of reasonable nexus between matters of ability, capability and expertise of the individual/s versus matters or events outside the control or even nexus of the individual/s to the events or situations.
- 2.16. In the event of the assessed divergence in Company's provisioning for NPAs or asset classification exceeds the prescribed threshold as per the guidelines applicable, the BGNRC may decide to apply Malus on none, part or all of the unvested deferred variable compensation for the assessment year based on the outcome of the evaluation. BGNRC shall in its evaluation, have due regard to principles of proportionality and of reasonable nexus between matters of ability,

capability and expertise of the individual/s versus matters or events outside the control or even nexus of the individual/s to the events or situations. In case the Company's post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if above criteria are triggered either on account of divergence in provisioning or both provisioning and asset classification. Additionally, there will be no increase in the variable pay for the said assessment year.

2.17. Further, in the event of:

- (i) act of willful or gross misconduct or neglect,
- (ii) the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity, (iii) gross or willful insubordination, or
- (iv) any other act detrimental to the interest of the Company including and not restricted to violation of ICICI Group Code of Business Conduct & Ethics, violation of Framework for dealing with Conflict of Interest, violation of rules and regulations of the Company, failure to discharge fiduciary and regulatory duties in respect of which the Company would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual/s;

The BGRNC may decide, in case of MD & CEO / WTDs / Senior Manager Personnel's (SMPs) / Key Management Personnel's (KMPs), to apply Malus and/or Clawback on part or all of the variable pay including unvested/vested/paid or deferred variable pay. Due process including inquiries or investigations as required and/or adherence to principles of natural justice are ensured prior to conclusion on the above events of breaches and which would form the basis of decisions. Error of judgment shall not be construed to be a breach under this policy. Annual reporting of application of Malus and/or Clawback by the Disciplinary Authority will be made to the BGRNC for being noted.

- 2.18. Clawback in relation to ESOPs applies for grant made from April 1, 2020 for the balance length of service/employment of the concerned person with the Company, shall survive the resignation, retirement, early retirement or termination of the concerned person and be applied for the Deferral Period as applicable to Variable Pay in terms of this Compensation Policy. Similarly, malus in relation to ESOPs will apply with effect from April 1, 2020. This is in addition to and without contradicting the existing clause in the ESOS scheme of ICICI Bank that specifies lapsing of grants including vested stock options for terminated (including terminated for cause) or exiting employees applicable for grants made in terms of the ESOS Scheme (Word Scheme is covered in ESOS) from time to time.
- 2.19. MD & CEO / WTDs / SMPs / KMPs will be required to sign revised terms governing compensation (including Malus/Clawback on Variable Pay/ Deferred Variable Pay). In such revised terms, they will agree to forfeit existing or deferred cash bonus or unvested stock options with respect to grants made on/after April 1, 2020 and/or return all or part of the cash bonus paid since 2012 and/or cancelling of vested Stock Options and/or if the Options have been exercised, return of the

amount as decided by the BGRNC as defined above with respect to grants made on/after April 1 2020.

- 2.20. While situations may arise requiring applying malus and/or claw back to employees who may have resigned, retired or taken early retirement or been terminated, the same shall be done basis the given facts and circumstances, and through due legal process for recovery of amounts adjudged for claw back or as damages suffered or as recoverable by the Company.

Guaranteed bonuses

- 2.21. Guaranteed bonuses are not consistent with the principles of meritocracy and the Company will not encourage any kind of guaranteed bonus. Joining or sign-on amount will occur in the context of hiring a new staff and will be limited to first year. However, grant of employee stock options will be the only form of joining amount for WTDs. Such grants will not be considered part of fixed or variable pay.
- 2.22. Further, other than accrued retirement benefits (such as provident fund, superannuation and gratuity payable on retirement) or any benefits arising under the employee early retirement scheme or any payments or benefits mandated by applicable law, no severance pay will be paid to WTDs.

Hedging

- 2.23. The Company will not provide any facility or funds to the employees to insure or hedge their compensation structure to offset risk alignment effects embedded in their compensation.

Risk Control and Compliance

- 2.24. The compensation of staff engaged in all control functions including Risk, Compliance, Finance and Audit will depend on their performance rating, which is based on achievement of key results of the respective functions and independent of the business areas they oversee.

Disclosure and engagement by stakeholders

- 2.25. The Company will be compliant with the disclosure requirements as may be required by the Companies Act or any other regulatory guidelines.

PART – B - Compensation Policy for Non-Executive Directors

The remuneration payable to non-executive independent director would be governed by the regulatory guidelines issued from time to time, if any and the provisions of Companies Act, 2013 and related rules.

Considering the above, the permitted modes of remuneration for the nonexecutive Independent Directors are sitting fees for attending meetings of the Committee/Board as approved by the Board from time to time within the limits as provided under Companies Act, 2013 and related rules and Profit related commission as may be recommended by the Board and approved by the Shareholders from time to time, subject to availability of requisite profits and compliance with applicable statutes/regulations.

All the non-executive Independent Directors would be entitled to reimbursement of expenses for attending Board/Committee meetings, official visits and participation in various forums on behalf of the Company.

FORMAT OF THE MALUS / CALWBACK LETTER

Date

Full Name,
Designation,
Mumbai

Dear Name,

Pursuant to revised Compensation Policy of the Company, the terms governing compensation have been formulated and are applicable as specified in the attached annexure.

Please confirm your understanding and acceptance of these terms by returning a duly signed copy of this letter.

Yours' sincerely

Sd/-

Ashish Kakkar

Chief Human Resources Officer

I confirm having read and understood the revised terms governing compensation specified in the attached annexure and I hereby confirm my acceptance.

Signature:

Name: Full Name Employee

Employee ID:

Date:

Revised terms governing compensation pursuant to revised Compensation Policy of the Company

1. Key terminology:

'Clawback' means or connotes the return of previously paid variable pay in form of performance bonus paid to the Company or cancellation of vested (and/or exercised or unexercised) employee stock options by the parent Company ICICI Bank, under certain circumstances as applicable, in accordance with these terms and the Compensation Policy.

'Malus' means or connotes ceasing or stopping the further payment or vesting of all or part of the amount of deferred compensation, in accordance with these terms and the Compensation Policy. Deferred Variable Pay in this context means or connotes that portion of variable pay, which is payable (in case of performance bonus) or which is to be vested (in case of stock options), over such period as specified by the Company or the parent Company ICICI Bank when the quantum of variable pay is being notified, and being subject to these terms and the Compensation Policy.

2. The Company may, in accordance with the applicable regulatory requirements in general, the Compensation Policy, and these terms apply Clawback and/or Malus to variable pay and/or Deferred Variable Pay respectively. The Company may modify these terms, its applicability or application in such form, substance and manner upon changes in applicable regulatory requirements or upon receipt of any regulatory rulings or guidance. These revised terms are in addition to and supplement the earlier notified terms for clawback and/or malus on variable pay and deferred variable pay as specified in those terms.
3. Clawback and Malus, in relation to employee stock options (ESOPs), applies to ESOP grants made from April 1, 2020 onward, for the balance length of service/employment of the concerned person with the Company, and which rights survive the resignation, retirement, early retirement or termination of the concerned person and may be applied for the Deferment Period as applicable to Deferred Variable Pay in terms of the Compensation Policy. The aforesaid are in addition to the existing terms that specify lapsing of grants including vested stock options for employees whose services are terminated (including terminated for cause) or exiting employees, as applicable for grants made in terms of the ESOS Scheme of ICICI Bank from time to time.
4. Clawback and Malus, in relation to performance bonus, applies with effect from April 2012 for the balance length of service/employment of the concerned person with the

Company, and which rights survive the resignation, retirement, early retirement or termination of the concerned person.

5. Evaluation of events or situations for applying Clawback and/or Malus, shall be in terms of the Compensation Policy as administered, supervised and overseen or as formulated, specified and/or delegated by the Board Governance, Remuneration & Nominations Committee (BGRNC) of the Company.
6. Illustration of events, breaches or situations in which Clawback and/or Malus may be applied basis the due evaluation by BGRNC (or other appropriate forum) include the following:
 - a. A reasonable evidence of deterioration in financial performance in form of drop in the Profit After Tax (PAT) from one financial year to the next by 25% or more, or
 - b. The assessed divergence in Company's provisioning for NPAs or asset classification exceeding the prescribed threshold as per the guidelines applicable
 - c. For situations such as: (i) act of willful or gross misconduct or neglect (ii) the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity, (iii) gross or willful insubordination or (iv) any other act detrimental to the interest of the Company (including violation of ICICI Group Code of Business Conduct & Ethics, violation of Framework for dealing with Conflict of Interest, violation of policies, rules or regulations of the Company, failure to discharge fiduciary and/or regulatory duties)
 - and in respect of which the Company reserves right to additionally institute appropriate civil, criminal or other proceedings as required, at the risks, costs and consequences of the concerned person.
 - d. Error of judgment is not construed to be a breach.
7. When Malus is applied and notified, the concerned person shall abide by such application, and accordingly, forfeit the right to the deferred compensation/variable pay, as notified.
8. When Clawback is applied and notified, the concerned person shall abide by such application, and without demur or delay, shall return the amounts received as performance bonus and/or if the ESOPs have been exercised, return of such amounts as determined by the appropriate authority and/or abide by the cancellation of vested unexercised stock options, as notified.
9. No portion of compensation and/or deferred compensation may be hedged or insured in any form or manner at any time (as it could have the effect of offsetting the risk alignment effect desired by the regulatory requirements).