

Remuneration Policy

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1. Purpose

The purpose of this policy is to define the Remuneration policy for Directors and Key Managerial Persons of Volkswagen Finance Private Limited (VWFPL) India.

2. Applicability

VWFPL has already formed its Nomination and Remuneration Committee on November 7, 2014.

Along with the Nomination and Remuneration Committee charter and the guideline on Directors appointment and evaluation, this policy lays down guidelines for the Remuneration of the Directors, Key Managerial Persons of VWFPL.

3. Remuneration Policy

3.1 Remuneration to Executive Directors:

- 3.1.1 The Committee shall decide the scale of remuneration of the Executive Directors and recommend the same to the Board for approval. The Regional Head, who is also member of the Nomination and Remuneration Committee, shall finalise the actual increment and performance bonus payable to the Executive Director for the year in accordance with the discussion at the Nomination and Remuneration Committee and in line with the HR policies of the Company.
- 3.1.2 The remuneration to be paid to the Directors will be in accordance with the provisions of the Companies Act, 2013 and prevalent HR policies as may be applicable to the Executive Director.
- 3.1.3 Any insurance taken by the Company for its Managing Directors, Chief Financial officer, the Company Secretary and any other employee for indemnifying them against any liability, the premium paid on such instance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such instance shall be treated as part of the remuneration.

3.2 Remuneration to KMP and other employees:

- 3.2.1 The remuneration for employees in VWFPL consists of two parts i.e. Fixed Pay and Performance Incentive (performance linked variable salary component). The remuneration of employees varies according to their grade in the organization and also on other aspects like industry patterns, qualification, experience, responsibilities handled by the employee and individual performance.
- 3.2.2 The Performance Incentive is linked to the Individual performance of the employee and also to the performance of the organization. Every year all employees undergo a target setting exercise with their Managers which forms the basis of evaluating their individual performance at the end of the year. Therefore the variable pay for an employee is directly dependent on the performance measures that help in maximising the performance of the organization which is in the best interest of the shareholders.

- 3.2.3 The objective of the remuneration philosophy is to attract, retain and motivate the high potential personnel in this competitive market. The total remuneration for all employees is revisited every year, basis for which is internal comparisons and also the independent compensation surveys done from time to time by the organization.
- 3.2.4 The performance incentive of senior employees (Grade 29 & above) of the organization is based on 3 components:
- Personal Performance – basis for this is the individual performance of the employee
 - Company Performance – basis for this is the performance of the Company
 - Long Term Incentive - basis for this is the performance of the VW group
- 3.2.5 Any deviation in the above process is to be approved by the Nomination and Remuneration Committee.

3.3 Remuneration to Non- Executive / Independent Director:

- 3.3.1 The remuneration shall be fixed as per the slabs and conditions mentioned in the Companies Act, 2013. The Independent Director receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- 3.3.2 An Independent Director shall not be entitled to any commissions or stock option of the Company.

4. Review of the policy

The Committee shall review and reassess the adequacy of these mandates at least annually and otherwise as it deems appropriate and recommend changes to the Board.

This policy is based on the provisions of the Companies Act 2013, in case of any changes in the provisions of this act or any other regulations which makes any of the provisions of this policy inconsistent with the acts or the regulations, then the provisions of the act or the regulations would prevail over the policy and the provisions in the policy would be modified in the due course to make it consistent with the law.