

Global Employee Remuneration Policy

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1.0	HR - Total Rewards	AVP - Total Rewards	SVP - Global Head Total Rewards and Analytics

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Version Control

Version No.	Change description	Effective from
1.0	Baseline Policy	

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1. Introduction

The policy outlines the principles and guidelines governing how Firstsource compensates its employees at all levels, including the KMPs and CEO. It encompasses both monetary and non-monetary rewards to ensure fair, equitable, and efficient compensation practices.

2. Scope

This Policy applies to all employees across all global geographies of the organization, except for employees located in Romania, Trinidad & Tobago, UAE, and South Africa.

3. Grade Structure

Band/Grades	Titles in Support	Titles in Operations
Associates & Coordinators		
Grades H2, H1, H	Coordinator (H)	Customer Service Associate (H2) Sr Customer Service Associate (H1)
Junior Management		
Grades G, F2, F1	Executive (G) Senior Executive (F2) Assistant Manager (F1)	Team Executive (G) Process Leader/Team Leader (F2) Assistant Manager (F1)
Middle Management		
Grades E2, E1, D	Manager (E2) Senior Manager (E1) Associate Director (D)	
Senior Management		
Grades C, B, A, CEO	Director / Associate Vice President (C) Global Head / Executive Vice President / Senior VP / VP / Head of Department (B) President (A) Managing Director & CEO (MD & CEO)	

Note: Our grade structure is standardized globally, though job titles can differ based on local practices.

4. Pay Philosophy

Firstsource employs a total compensation approach to attract, retain, and motivate employees. Our employees are offered a competitive remuneration package that ensures their efforts and contributions are fairly rewarded. Our compensation structure combines Fixed and Variable pay components. The specific mix of these components varies based on employee grade. Firstsource is committed to fair pay practices, ensuring all employees are compensated equitably for their roles, responsibilities, and contributions. The policy aims to ensure transparency, clarity, compliance, and consistency across all compensation practices:

Transparency: Detailed breakdowns of pay structures ensure employees understand their compensation.

Clarity: Clear and structured guidelines are established for different employee grades and regions.

Compliance: Adherence to local laws and regulations in each operating country.

Consistency: While allowing for regional adjustments, the policy maintains standardised practices across the organisation to ensure fairness and equality.

5. Salary Structure

The salary structure is designed to reflect the diverse markets in which Firstsource operates. It is tailored to meet applicable laws as per local market conditions while aligning with global best practices.

5.1 India

- **Salary structure:** Salaries are paid monthly and comprise a basic salary and various allowances as required under applicable laws.
- **The standard salary components are:**
 - i. Basic
 - ii. HRA
 - iii. Special Allowance / FBP
 - iv. Conveyance Allowance
 - v. Statutory Bonus
- **New Wage Definition**

- Under the Code on Wages, "Wages" (also referred to as "Deemed Wage") is defined as the sum of all Inclusion components — principally Basic Salary and Special Allowance — and serves as the base on which all statutory contributions (PF, Gratuity, ESI, and Statutory Bonus) are calculated. The Code mandates that "Inclusion" components must constitute at least 50% of Total Remuneration (Inclusions + Exclusions) in any given month. Where Inclusions fall below this threshold, all statutory contributions must be computed on 50% of Total Remuneration instead of on actual Inclusions. The "Exclusions" which form the remainder of Total Remuneration but sit outside the Deemed Wage base include House Rent Allowance, Conveyance Allowance, Night Shift Allowance, Statutory Bonus, Split Shift Allowance, Employer's PF/Pension contribution, and Overtime.
- Deductions towards employee contributions:**
 - If Basic < ₹15,000 per month: 12% of inclusions (Deemed Wages) or ₹15,000 ceiling (capped at ₹1,800/mo)
 - If Basic ≥ ₹15,000 per month: 12% of Basic.
 - ESIC: ESI Contributions are made based on the below calculations
 - Employer:** 3.25% of inclusions (if inclusions < ₹21,000/month).
 - Employee:** 0.75% of inclusions (if inclusions < ₹21,000/month).
 - Contributions and payouts from the Gratuity Fund are governed by the Payment of Gratuity Act, 1972
- Variable Pay:** Variable pay components are included in the overall compensation package and their structure varies by employee level and payout frequency

Level	Eligibility	Payout Frequency
Associates	Fixed Variable Bands as per Business Unit & Process	Monthly Basis Bell Curve for Performance Rating
G & F2 Ops/Support	Fixed Variable Pay bands as per Business Unit	Half-Yearly
F1 Ops/Support	Fixed Variable Pay bands as per Business Unit	Annual Variable Payout
E1 & Above (Support & Ops)	As a % of Fixed salary; varies with Grade and CTC	Annual Variable Payout

5.2 Philippines

- Salary structure:** Salaries are paid fortnightly and comprise a base salary and various allowances as required under applicable laws.
- The standard salary components are:**
 - Basic Pay
 - Rice Allowance: Provided to all employees as part of their compensation package.
 - Gasoline Allowance: Offered to employees at F1 level and above to cover transportation costs.
 - 13th Month Pay: An annual payment, typically distributed in December.

- De Minimis Allowances: Covers expenses like laundry, uniforms, meal allowances and medical assistance
- **Deductions towards Employee Contributions:** Employees contribute a percentage of their base pay towards the Social Security System (SSS), PhilHealth, and Pag-Ibig Fund. Contributions are made as per the respective regulations. Employees are responsible for paying all applicable taxes according to local laws and regulations
- **Variable Pay**

Level	Eligibility	Payout Frequency
F2 & below	10% on Base Pay	Monthly Basis Bell Curve for Performance Rating
F1 & above	As a % of Fixed salary; varies with Grade and CTC	Annual Variable Payout

5.3 United Kingdom

- **Salary structure:** Salaries are paid fortnightly or monthly, depending on grade, and comprise a base salary and various allowances.
- **The standard salary components are:**
 - Base Pay
 - Variable
 - Statutory contributions
 - Income Tax (PAYE) deducted from employee salary
 - National Insurance Contributions (NIC's) for employees
 - Employee National Insurance Contributions
 - Workplace Pension Contributions (employee and employer contributions under the pension scheme)
- Any statutory deductions and/or contributions applicable to the Employee's employment, including but not limited to taxes, social security, pension, insurance, or other statutory schemes, shall be made in accordance with applicable law and as prescribed under the relevant regulations.
- **Deductions:** All eligible employees will be enrolled under the People Pension Scheme. Under this scheme, employees contribute **5% of their Base Pay**, while Firstsource contributes **3% as the employer pension contribution**, resulting in a **minimum combined pension contribution of 8%**. The employer contribution is standard and will be made in accordance with applicable pension regulations and scheme requirements
- **Variable Pay:**

Level	Eligibility	Payout Frequency
H2 to F2	Different Variable Pay Plans basis Process & Grade; plans vary frequently	Monthly Basis Individual Performance & Targets Met
E2 & above	% on Base Pay which varies with Grade and Role	Annual Variable Payout

5.4 United States of America

- **Salary structure:** Salaries are paid bi-weekly and comprise a base salary and various allowances.
- **The standard salary components are:**
 - Base Pay
 - Variable
 - Statutory contributions
 - Social Security Tax
 - Medicare Tax
 - Federal Unemployment Tax (employer contribution, as applicable)
 - State Unemployment Insurance (employer contribution, as applicable)
 - Any other mandatory federal, state, or local statutory contributions required by law
- 401(k) Contributions (employee and employer contributions, where applicable): statutory and retirement-related contributions shall be made in accordance with applicable federal, state, and local laws and regulations, as prescribed under the relevant legal and regulatory requirements
- **Variable Pay:**

Level	Eligibility	Payout Frequency
H82 to E2 in Ops	Plans vary basis BU (e.g., Variable Pay for Collections purely based on total collections closed by the employee)	Monthly / Quarterly basis Individual Performance Criteria & Goal Sheet
E2 & above	% on Base Pay and varies with Grade	Annual Variable Payout

5.5 Australia

- **Salary structure:** Salaries are paid fortnightly or monthly based on the grades and comprise a base salary, superannuation as required under applicable laws.
- **Variable Pay:** Variable pay components are included in the overall compensation package and their structure varies by employee level and payout frequency

- **Superannuation:** Firstsource makes employer superannuation contributions for eligible employees in accordance with applicable Australian statutory requirements. Eligible employees may also choose to make voluntary superannuation contributions, subject to applicable laws and regulations.

5.6 Mexico.

- **Salary structure:** Salaries are paid fortnightly and comprise a base salary and various allowances.
- **The standard salary components are:**
 - Gross salary
 - Christmas bonus
 - Meal vouchers
- **Variable Pay:** Variable pay components are included in the overall compensation package and their structure varies by employee level and payout frequency

6. Annual Variable Payout Structure:

Variable pay is a non-contractual component of an employee's total compensation (CTC), and the company may, in its absolute discretion, pay the discretionary variable pay.

The Plan provides an incentive opportunity that is based on:

- The financial performance of the Company and the Business Unit to which the employee contributes
- Achievement of the individual's defined performance objectives

Company/Vertical performance payouts are linked to the company's/Business Unit's performance as declared by the Board. Individual performance payout is linked to the performance scores on the KRAs. Performance pay is disbursed after the Board's approval. For the financial year April – March, the payout will be made in the month of May of the following financial year or, as practicable, thereafter. In the following financial year. The employee should be on the rolls of the company at the time of payout. Employees who have joined mid-way through a financial year would be paid performance pay on a pro-rated basis.

7. Sales Incentive Plan (SIP)

Sales Incentive Plan is specifically designed for employees in sales roles. They are eligible to earn a percentage of revenue generated from new client deals and new deals with existing clients. An individual must be classified in a qualifying position for the entire period in order to be eligible for the Plan payments. In addition to the Sales Incentive Plan, employees may also be eligible to participate in other variable pay programs based on their role, responsibilities, and applicable plan eligibility criteria.

8. Long-Term Incentive Plan (LTI)

The Long-Term Incentive Plan (LTI) is a strategic tool used by Firstsource to retain key employees and align their interests with the company's long-term goals. The LTI includes:

8.1 Eligibility

- Eligibility is restricted to VP & Above and other senior positions critical to the organization's success, and the same is communicated through their joining letters.
- All grants are approved by the Nomination and Remuneration Committee.
- Grants are provided quarterly for new joiners and annually for existing employees.

8.2 Vesting Schedule

- **Tenure-Based Stock Options:** These options will vest over a total period of four years. Subject to the terms and conditions of the Scheme, 25% of the tenure-based stock options will vest on the first anniversary date of the grant, and the remaining 75% will vest in equal quarterly tranches (6.25%) provided the employee remains on the company's payroll.
- **Performance-based stock options:** Subject to the terms and conditions of the scheme, the Performance-Based Stock Options will vest over four years as per the schedule mentioned below, and each tranche vests annually based on performance for the applicable fiscal year

Time Period	% of Options Vested
End of 12 months from Grant Date	15%
End of 24 months from Grant Date	20%
End of 36 months from Grant Date	25%
End of 48 months from Grant Date	40%

Vesting of options could range from **0% to 150%** of tranche eligible for vesting, subject to achievement of performance targets as agreed annually for the respective performance period and subject to approval by Nomination & Remuneration Committee (the "NRC").

- **Clawback Provisions:** The company retains the right to claw back any unvested or vested shares in cases of material financial restatements or significant employee misconduct.

8.3 Exercise period:

- Options can be exercised within three years from the date of vesting.
- The scheme allows for Executive Options which may have a different vesting periods linked to Performance criteria.

9. Increment administration:

Increments are discretionary and typically administered in the month of July/October each year. The calculation for individual salary increment is based on performance ratings, salary range and budget considerations. The overall budget for salary increment is determined based on the company's financial performance and strategic goals.

10. Governance Structure

10.1 Annual Hikes & Increment

- Increments for Managing Director & CEO will be approved by Nomination & Remuneration Committee within the overall limit approved by the shareholders in the General Meeting.
- Directors and above need prior approval from Head -HR, MD& CEO, Highest Functional Head*
- Associate Director and below will be reviewed and approved by the Functional/Operations head and BU HR Lead. Corporate C&B Lead needs to be intimated about the same.
- Increments will be based on the role and associated skill requirements, transitioning from a level-based to a position-based.
- Any exceptions to these salary guidelines require approval from the BU Head and CHRO.

10.2 Annual Variable Pay

- Variable Pay Principles are formulated and communicated by Total Reward team.
- Variable Pay Pool and Payout approved by the Nomination and Remuneration Committee.

10.3 Long Term Incentive Plan/ ESOP

- All Grants are approved by Nomination and Remuneration committee
- Grants are provided quarterly for new joiners and reviewed annually for existing employees.

10.4 Promotions

- The Annual Promotions for Director's and above require approval from the MD & CEO, Highest Functional Head* and CHRO.

10.5 Change in Commission Plans

- Commissions earned based on sales plans, new business deals, requires approval from Highest Functional Head* and CFO.
- Revisions to existing plans for all grades across geographies requires approvals from the MD & CEO, CHRO and CFO. Calculations and approvals must be shared with the C&B team before payout.

10.6 New Hiring

- Candidates for Director+ positions are interviewed by the CHRO/ Highest Functional Head (EVP/BU Head)
- For SVP and above hires, the Chairman and CEO are also involved in the interviews.
- For Associate Director and Below, where exceptionally high salaries for their grades are offered, approval by the Highest Functional Head* and CHRO is required.
- HR Manager & above candidates are interviewed by the CHRO or a designated representative.

10.7 Severance Pay

- Severance pay will be paid as per the applicable law of the geography. Approval for all severance pay is required from CHRO and Highest Functional Head* with the CEO providing advice.

10.8 Involuntary Attritions /Exits

- For Involuntary attritions of Director to SVPs, approval from the CHRO is required.
- For EVPs, approval from MD & CEO and CHRO is required

** Highest Functional Head refers to the Direct Reports of MD & CEO*