

Variable Pay (VP) and Global Bonus Program (GBP) Policy

Valtech India Systems Pvt Ltd.,
India

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Revision History

| Version # | Date | Key changes |
|-----------|-------------|--|
| 1.0 | Jan 1, 2020 | First baselined version of policy document |
| 1.1 | Jan 1, 2024 | Updated to include both Variable Pay (VP) and Global Bonus Program (GBP) |
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1 Purpose

This policy document outlines the applicability, process and related details of two types of variable components of compensation (salary) of Valtech India employees.

1.1 Variable Pay Plan (VP)

The Variable Pay plan (VP) for the year is intended to work towards a shared goal, to achieve our planned EBITDA (Net Income before interest, taxes, depreciation, and amortization) for this year.

The Variable Pay is linked to two parameters:

- Individual Performance
- Company Performance also known as EBITDA

The purpose of the Variable Pay policy is to communicate the criteria for pay outs.

1.2 Global Bonus Program (GBP)

- The Global Bonus Program (“GBP”) is a comprehensive and globally unified approach to recognizing and rewarding exceptional performance across our organization.
- The calculation of the bonus is dependent on the associate’s responsibility and direct impact according to our 3 organizational clusters, i.e Global, Regional and Local (Country)
- GBP is in sync with business goals and actual results, focusing on annual Revenue and EBITDA results to create value and ensure affordability and fostering collaboration

2 Variable Pay (VP) Plan Details

2.1 Scope and applicability of VP

- The VP plan is applicable only to employees in C1 to C5 levels who have a Variable Pay component present in their compensation.
- GBP is not applicable to C1 to C5 levels



2.2 Guidelines and Process for VP

VP Disbursement (to eligible employees under C1 to C5 levels):

- a) VP linked to Individual Performance would be paid bi-annually:
 - For period January to June: released with July salary
 - For period July to December: released with (subsequent year's) January salary
- b) VP linked to Company Performance, i.e. EBITDA:

For period January to December (i.e. calendar year): released in one go, after the conclusion of calculations of the EBITDA, subsequent to close of the previous calendar year and normally paid along with the Individual Performance component of VP, after the conclusion of January appraisal cycle.

Notes:

- If a new employee joins between the year, the variable pay payout will be prorated.
- If EBITDA achieved is 80%, Associates across Levels will be entitled for 80% of their VP linked to Company's Performance. Similarly, they would be eligible for proportionate VP (capped at 100% of One's VP entitlement) linked to Company's Performance, if the Company achieves from 80% up to 100 % of the EBITDA Target.
- If the EBITDA achieved is more than 100% of the Target, the entitlement of One's VP will be prorated accordingly between achieved and targeted EBITDA. However, the maximum payout would be capped at 110%.
- If the EBITDA achieved is less than 80% of the Target, Associates across Levels WILL NOT be eligible for VP linked with EBITDA
- Across all the Levels, for Delivery / Technical Personnel who are in C1 to C5 levels, Individual Performance based VP for the period they are on Bench will not be paid – if the Bench period is equivalent to or more than 40 Continuous Calendar days. For the calculation, only %age of VP assigned towards Individual Performance to be factored. However, employees on Company R&D bench would not be affected by this clause of bench period, and they would still be eligible to receive full variable pay for the period they were on Company R&D bench.
- Criteria associated with pay-out of VP linked to Individual Performance – Employees Rated as Average & Below Average Performers, will not be eligible for VP.
- VP towards meeting Company Performance (EBITDA) will be released on Annual Basis.
- All VP related payments would be subject to Tax as per the laws of the land.
- In case of any discrepancy in the interpretation of the provisions / clauses of the VP policy and guidelines, the decision of the Valtech (India) Executive Senior Management would be final.
- Employees have to be on the rolls of the company without notice of resignation as on the date of disbursement. If the employee leaves the company in between and prior to the payout or if employee is on notice of resignation or terminated from the services of company, then he/she will not be eligible for the payout.



| Seniority levels | Variable Pay details |
|------------------|--|
| C1, C2 and C3 | 100% on Individual Performance (VP wherever applicable) Maximum Payout is only up to 100% of the eligible VP Amount |
| C4 and C5 | (1) 70% on Individual Performance (2) 30% on Company achieving Business Goal in the form of EBITDA |

2.3 Exceptions management for VP

- Any particular employees who have a variable pay plan different from the one described above, would be specifically informed of the same, including terms and conditions, if any.
- For any exceptions to the VP guidelines mentioned in this policy, the approving authority would be the Valtech (India) - Senior Management

2.4 Frequently asked questions (FAQ) of VP

Q1. What are the main changes brought about in this updated Variable Pay and Global Bonus Program policy?

A1. No changes in VP policy from C1 to C5 levels. The VP policy is being republished with FAQ and improved description to help everyone understand the policy more easily.

Q2. Are all employees eligible to receive Variable Pay?

A2. No. The VP plan is applicable only to employees who have a Variable Pay component present in their compensation.

Q3. My appointment / revision letter does not show a component called Variable Pay. Can I “opt” to have a VP component included in my compensation?

A3. No. This is purely at the company’s discretion. VP payment that you would be eligible for (if any) would be clearly mentioned in your appointment / revision letter. If such a component is not mentioned, then you are not eligible for the same.

Q4. My appointment / revision letter shows a component called Variable Pay. Can I request that I don’t want a Variable Pay component and would rather have this component added to my Base Salary?

A4. No.

Q5. Why the VP component linked to ‘Company Performance’ cannot be paid every bi-annually just like the VP component linked to ‘Individual Performance’?



A5. The VP linked to individual performance is paid bi-annually as the performance of a particular employee may be evaluated bi-annually either formally or informally and based on the available result, the payment can be made, if applicable. However, the VP component linked to company performance (i.e. the EBITDA) can only be measured for a particular calendar year based on generally accepted financial accounting practices, and hence after this objective evaluation for a given financial year, can only be paid on annual basis.

Q6. In a hypothetical situation that the company's performance was poor, why should I as an employee lose some portion of my Variable Pay, even though my own performance was really good? Why should I pay a price for others' failures?

A6. It is not a price paid for someone else price. A company performance is a result of collective effort of everyone in the company. Hence, this portion of the compensation will depend on how we did together.

Q7. In case I resign from my job, will I still be eligible for receiving VP and what would be the process involved?

A7. In the event that an employee resigns from his job the following would be the process involved

- **VP linked to Individual Performance:** The employee would not be eligible to receive VP of that half year and onward in case he/she resigns during biannual assessment period or if the services are terminated by company.
- For example, if an employee resigns any day from January to June or July to December, he/she would not be eligible for receiving the VP for that biannual period. That means, employee needs to be on the rolls of the company during biannual assessment period without being on notice of resignation or termination.
- **VP linked to the Company Performance (i.e. EBITDA):** The employee would not be paid this component of VP for that full calendar year if resigned or on notice of resignation or terminated from services of the company within EBITDA assessment calendar year.
- Note: Date of Resignation means the day on which the employee resigns formally from his/her job, and should not be mistaken for the Date of Exit or last working day

3 Global Bonus Program Details

3.1 Scope and applicability of GBP

- The Global Bonus Program (GBP) is applicable only to employees in M1 to M5 levels
- For M1 to M4 level , the Variable Pay is not applicable

3.2 GBP details

Global Bonus Program (GBP) is a globally managed program, the program comprehensive details have been defined by Valtech corporate / group. In order to avoid duplication of information GBP details and policy document will not be part of this policy document. The GBP policy document will be shared with applicable individuals directly by P&C.



4 Other terms and conditions

- Variable Pay (VP) and Global Bonus Program (GBP) policy is subject to changes at the discretion of the company at any time without advance notice.
- This policy is applicable to all employees of Valtech India until further notice or revision.

4.1 Point of contact for policy matters

For any clarifications on the policy, please contact the People & Culture Team IN.PeopleCulture@valtech.com

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