



# HEXAGON

## Variable Pay Guidelines

Variable Pay guidelines for Non-Sales employees in HCCI

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# 1. Introduction

Intent of Variable Pay is to reward employees based on Individual and Organization performance. This shall also enable the organization to attract and retain appropriate talent to manage and grow the organization.

# 2. Scope & Eligibility

This guideline is applicable to all Non-Sales employees at HCCI who have a Variable Pay component in their total rewards statement.

# 3. Definitions

Detailing out all the important terms from this document

Term	Definition
Planning Manager	Manager to whom employee reports administratively on HexConnect i.e. authorized leave approver of the employee.
Performance period	January to December
Performance year	Performance period of Jan to December
Pay-out Year	Following year after performance year.

# 4. Guidelines

## 4.1 Pay-out date

The pay-out will be annual and made in February payroll of the payout year

## 4.2 Mid-Year Changes

### 4.2.1 Joiners

- If an employee joins the organization between January to December of the performance year, the target Variable Pay will be pro-rated while calculating the amount. However, they will see the full year number on their offer letter.
- The above point is also applicable for employees joining HCCI from a different Hexagon legal entity as well as internal transfers within HCCI (where no Variable Pay was applicable).
- If an employee has been transferred mid-year from another Division within HCCI and both Divisions have Variable Pay, their Variable Pay will be calculated in two parts, keeping in mind the respective Divisional HEXEBIT goal achievement. Also, the performance input would be provided by both planning managers for the period that the employee worked with them.

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#### 4.2.2 Exits and Retirement

- Employee needs to be with the organization as on February 28/29 of the payout year, to be eligible for Variable Pay, subject to all other terms and conditions.
- If an employee is serving notice period on February 28/29 or their last working day is February 28/29, they will be eligible to receive Variable Pay.
- If an employee gets transferred to another Hexagon entity, they would be paid Variable Pay for the duration that they were employed in HCCI, subject to the condition that they are employed in that Hexagon legal entity till February 28/29 of the payout year.
- In case of retirement or death, employee will be paid for the months that he was employed at HCCI. This will be at 100% pay-out and will be settled with their full and final settlement.

#### 4.2.3 Promotions

- If an employee gets promoted mid-year and the % of variable pay is different in the new band, the salary structure will be modified during the year to reflect the variable pay % of the new band.

## 5. Calculation Methodology

- The Variable Pay is determined by Individual Performance and Organization Performance. The weightage of each is 50%.
- For organization performance, respective Divisional HEXEBIT Goal would be considered to whom the employee cost is charged back to, and the factor will be provided by the respective Division.
- For Individual Performance factor, planning managers will need to assess their team members and assign 100% for employees who have fully met the performance expectations, 70% for employees who have partially met expectations and 0% for employees who have not met expectations.
- If an employee does not meet the Individual Performance expectations and the factor is 0%, they would not be eligible for any Variable Pay.
- LOP shall be considered for variable pay calculation and deductions.
- If the Division does not meet its HEXEBIT target and factor is 0%, employees would not be eligible for any Variable Pay.
- For example, if the target Variable pay for an employee is INR 1,00,000 and the employee has worked from January to December of the performance year. The Organization Performance factor is 50% and Individual Performance factor is 100%. The calculation will be:

Organization Performance	50% X 50% X 1,00,000	25,000
Individual Performance	50% X 100% X 1,00,000	50,000
		75,000

## 6. Policy Administration & Exceptions

The Human Resources Department shall be responsible and final arbiter for administering this policy.

## 7. Revision History

Rev.	Rev. Date	Reason for Revision	Revised By	Approved By
1.0	24 April 2023	Added definitions table, LOP consideration, updated document to revised template	Anant Gupta	Nousheen Khan
1.2	12 March 2025	Payout in case of death added	Anant Gupta	Nousheen Khan