

# Progressive Variable Pay Policy

Originally issued Variable Pay Policy: **1<sup>st</sup> August 2020**

Revised as Progressive Variable Pay policy, Effective from **1<sup>st</sup> April 2023**

## 1) Purpose:

Bitwise Solutions Private Limited (the “**Organisation/Bitwise**”) has implemented this Progressive Variable Pay Policy (“**Policy**”) to reward employees for their individual performance as well as their contribution to the business units/projects and the target achieved by the Organisation in line with key organization imperatives. This policy has been carefully designed to ensure fairness and transparency in the determination of Variable Pay.

This Policy will be applicable to the Employees (defined below) who have Variable Pay as an identified component mentioned in his/her latest compensation/ cost to company (CTC) structure.

The Variable Pay shall depend on various factors as enlisted in detail under this Policy. Interns, Temporary, Contractor employees, and/or consultants shall not be eligible to draw any Variable Pay under this Policy.

## 2) Effective Date:

This Policy shall come into effective from 1<sup>st</sup> April 2023.

## 3) Definitions:

- i) **Employee/s:** All full-time/ permanent employees on the payroll of the Organisation, who are placed on Level 2 and above or equivalent.
- ii) **Financial Year:** Calendar Year starting from April 1 and ending on March 31.
- iii) **Progressive Variable Pay:**

The Progressive Variable Pay payout will be based on the achievements of the Organisation’s targets and subject to the Organisation's financial performance each quarter/Financial Year. A lump sum amount that an Employee shall be eligible to receive as mentioned in his/her letter after the end of every quarter as per payout month defined in point iv, depending upon all the following parameters:

  - a) Organisation achieving its financial goals every quarter and/or Financial Year.
  - b) The Performance of the Business Unit that the Employee is placed in during the reviewed quarter.
  - c) The Individual Performance of the Employee for every quarter.

- iv) **Eligibility Criteria:** - All full-time/ permanent employees on the payroll of the Organisation are eligible except Level 1 & 2 of Business Enablement function and Level 1 for Delivery or equivalent function. Project Trainees, Intern, consultants, Contractor, or any third-party payroll employees are not eligible for the annual Increment Cycle and will be governed by their respective contracts /appointment letters.
- v) **Pay-out month:** The Variable Pay shall be paid to the entitled Employees at the discretion of the Organisation as per the timelines defined below. The quarters during the Financial Year shall be as follows:

Quarters	Month
April to June (Q1)	August
July to September(Q2)	November
October to December(Q3)	February
January to March (Q4)	May

- vi) **Individual Performance:** The Variable Pay shall depend on the goals/performance targets given to the Employee on parameters set by the Organisation.
- vii) **Performance of the Business unit** - The Variable Pay shall depend on the OKR/Goals achieved by the respective Project/ Business unit & other set targets including financials for the respective Project/Business Unit.

#### 4) Provisions and Guidelines:

- i. The Variable Pay amount or percentage will be notified to the Employee by the Organisation through their Compensation/Increment letter.
- ii. Variable Pay shall not be payable unless it is mentioned in the Employee's latest Compensation/Increment letter.
- iii. Variable Pay will not be linked with Provident Funds, Gratuity, and other salary-related benefits.
- iv. The Variable Pay amount will be taxable as per the Income Tax Act provisions.
- v. Employees who transfer to/from India are eligible for Variable pay on pro-rata basis.
- vi. The Organisation's decision to pay out the Variable Pay shall be final.

#### 5) Variable Pay when not receivable:

An Included Employee shall NOT be eligible to receive Variable Pay under this Policy if :

- (i) The Organisation has not achieved its financial goal for the Quarter/ Financial Year.
- (ii) If you are not active on the rolls of the Organisation on the day of payout of Variable pay, you will not be eligible to receive it.
- (iii) The Employee is subjected to any disciplinary proceedings.

- 6) The employee will not receive a Variable Pay payout for the quarter/month for which the result is not declared while he/she is leaving the organization.

**7) Management's Discretion:**

The Organisation reserves the right to revise, amend or modify this Policy at any time and in any manner without any prior notice.

**\*Payout Criteria:**

The actual payout of the Variable Pay percentage will be based on the achievements of the Company's targets and subject to the Company's financial performance each quarter/Financial Year. The percentage of Variable Pay along with payout criteria are subject to revision for each financial year. Please refer to **Annexure – Variable Pay** for Variable Pay % payout information.

**Annexure – Variable Pay**

Designations/ Levels or equivalent	Variable Pay % on CTC	Weightage of Company performance in Variable pay	Project Performance % of Variable pay Factor	Individual % of Variable pay Factor
OB/Consultant/Project Trainee/ Level 1&2 for Business Enablers	NA	NA	NA	NA
Trainee Programmer- System Analyst or equivalent level of Business Enablers	Up to 10%	20%	30%	50%
PL / Assistant Manager Level	Up to 10%	20%	30%	50%
PM /SPM & equivalent level	10%	20%	30%	50%
DM/GM	10%	50%	0%	50%

*\*For purpose of this policy, the Variable pay mentioned, is the Progressive Variable Pay.*

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