

Handbook on Compensation and Benefits

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I. Distribution List

Issued to all permanent employees of Capgemini in India, whether on full-time or part-time employment.

II. Version History

Version	Date	Description
1.1	26-Mar-99	Part of the Firm Organisation & Administration Manual
1.7	1-April-2013	Flexi plan replaced with Other Allowances and Reimbursement (OAAR) and other changes done. Bonus clause updated.
1.8	10-Sept -2013	Added reference to Group Life Term cover
1.9	03-Apr -2014	Special allowance renamed to Personal allowance, redefinition of increment & bonus clauses
2.0	Jan 30, 2018	Renamed and revised post alignment of new compensation structure and inclusion of revised eligibility guidelines for variable compensation.
2.1	1-April-2018	Conveyance Allowance and Medical Reimbursement component of Other Allowances and Reimbursement removed as per IT Rules
2.2	24-April-2018	Changes to OAAR Declaration Window. Conveyance Allowance Component added.
2.3	27-Sept-2018	Removal of Special Incentive clause and Monthly Performance Incentive Clause

III. Objective

The purpose of this document is to provide an understanding or guidance on certain principles and terminology with regard to the salary components as may be appearing in the offer letter(s) and/ or compensation letter(s) issued by Capgemini Technology Services India Limited ("Capgemini India") from time to time. In the event, the offer letter and/ or compensation letter provides different or varying interpretation to the terminology as explained herein than, the interpretation provided in the offer letter and/ or compensation letter shall prevail over these guidelines.

IV. Scope

These guidelines are applicable only to Permanent Employees of Capgemini India.

V. Definitions

For the purpose of this document, the following terms shall have meanings as specified herein:

- Permanent Employees: This term shall refer to any person who is on Capgemini payroll but does not include fixed term or temporary employees, trainees/ interns, contractors and sub-contractors.
- Pay Letter: This term collectively refers to the offer letter and compensation letter (which may be revised from time to time) and as issued to Permanent Employees.

VI. Abbreviations Used

FS	Financial Services
BSv	Business Services
Non FS-BSv	Non-Financial Services-Business Services
EPF Act	Employees' Provident Funds and Miscellaneous Provisions Act
ESI Act	Employee's State Insurance Act
ESIC	Employee's State Insurance Corporation
HRA	House Rent Allowance
LTA	Leave Travel Assistance
NPS	National Pension Scheme
OAAR	Other Allowances and Reimbursements
PF	Provident Fund
PFRDA	Pension Fund Regulatory and Development Authority
UAN	Universal Account Number
APR	Annual Performance Rating

VII. Components of salary

The below salary components* are indicative of those which may be applicable to you and as may be set out in the Pay Letter.

1. Basic
2. House Rent Allowance (HRA)
3. Other Allowances and Reimbursements [OAAR] comprising:
 - a. Telephone reimbursement
 - b. Leave Travel Assistance (LTA)
 - c. Meal Coupons
 - d. Vehicle reimbursement
 - e. National Pension System
4. Personal Allowance
5. Advanced Statutory Bonus
6. Employee's State Insurance Corporation (ESIC) - employer's contribution
7. Provident Fund (PF)- employer's contribution
8. Gratuity (accrual)
9. Insurance Premium
10. Variable Compensation
11. Conveyance Allowance

** It is not necessary that all or any of these components will be appearing in your Pay Letter.*

1. Basic

The basic salary is defined as a percentage (prescribed under law) of the fixed salary. Basic is used for calculating other retiral and benefits such as Provident Fund, Gratuity, etc. This is a fully taxable component.

2. House Rent Allowance (HRA)

HRA is granted to meet expenditure incurred on payment of rent for residential accommodation occupied by the employee at his/her place of posting in India.

This component is subject to tax exemption as provided under the law from time to time and is defined as a percentage of the Basic. Permanent Employees are required to submit copies of original rent receipts in order to claim such tax-exemption.

As per the threshold provided under law, employees may also be required to produce a copy of the landlord's PAN details to avail tax benefit and/ or any other documents that may be prescribed under law or policy.

Note: HRA exemption is available only if the employee is living in rented accommodations. In case the employee lives in his/her own house and does not pay any rent, he/she cannot claim HRA.

3. Other Allowances and Reimbursements (OAAR)

OAAR is a basket of elements for planning of taxes. The list below shows the various elements included within OAAR. All the elements listed are optional i.e. employees should explicitly opt for these elements in the payroll portal (currently managed by Excelity) every year if the same has to be paid without withholding taxes, subject to the limit of the OAAR amount mentioned in the Pay Letter. All non-taxable components (except Meal Coupons) would be paid through payroll, based on an appropriate claim with proofs submitted by employee. For sake of clarity, components under this heading may be either newly introduced or merged/withdrawn/renamed and/or adjusted against any or all of the components as deemed appropriate by Capgemini India.

The basket of allowances & reimbursements is indicative as below.

*OAAR Components
1. Telephone
2. Leave Travel Allowance
3. Meal Coupons
4. Vehicle & Driver Reimbursement (Self owned Car)
5. National Pension System

National Pension Scheme:

National Pension Scheme was introduced by the Central Government on January 1, 2004 and is regulated by Pension Fund Regulatory and Development Authority (PFRDA). On May 1, 2009 National Pension System was extended to all citizens of India on a voluntary basis. It is a system in which the contributions are invested under a mix of assets and the retirement corpus is determined on the returns of those assets.

Permanent Employees in grade C and above can opt to contribute such percentage of their basic salary towards NPS as provided under law. NPS will be adjusted from your OAAR (if part of Pay Letter) or Personal Allowance

➤ **Eligibility Cycle:**

The OAAR Plan would work on a financial year basis i.e., April to March. For Permanent Employees who join during the year, the OAAR amount will be prorated from the date of joining till March 31. Permanent Employees can declare their choice of elements and the limits under OAAR- on payroll portal (currently managed by Excelity) as detailed below.

Declaration window:

Existing employees: Declaration towards selection of components needs to be updated on Excelity Global's website (<https://ess.excelityglobal.com>). This portal will be open for declaration for existing employees twice a year in the months of April & October. When the Excelity portal re-opens for declaration in October, any changes will be effective 1st October only. There can be no back-dated changes for declaration.

New Joiners: Declaration towards selection of components needs to be updated on Excelity Global's website (<https://ess.excelityglobal.com>) before 15th of the month by a new joiner.

4. Personal Allowance

This allowance is a varying or adjustment component as determined by Capgemini India and is fully taxable.

5. Advanced Statutory Bonus

This is a statutory payment payable as per Payment of Bonus Act, 1965 ("Advanced Statutory Bonus"). If a Permanent Employee is eligible for this component, it will reflect as part of his/ her Pay Letter and will be paid on a monthly basis through payroll.

In case where the statutory bonus to be paid is in excess of component identified as Advanced Statutory Bonus mentioned in the Permanent Employee's Pay Letter, then, such differential pay-out of the statutory bonus will be adjusted against Variable Compensation in the month of March/April of the succeeding year.

In case of employee separation, the difference between the actual statutory bonus payable as on the last working day and the Advanced Statutory Bonus shall be computed and paid in the full and final settlement.

6. Employee's State Insurance Corporation (ESIC)

As per the Employee's State Insurance Act, 1948, ("the ESI Act") employees drawing monthly gross salary as notified under the ESI Act from time to time are covered under ESIC. The ESI Act provides certain benefits to employees in case of sickness, maternity and injury caused during the course of employment and to make provisions for certain other matters in relation thereto. Details pertaining to current ESIC rules and other relevant information can be obtained from ESIC website of the respective states.

As per the procedures laid down under the ESI Act, both employer and employee are required to make their individual contributions towards ESIC at prescribed rates (which are subject to change as per Government notification). The ESIC contributions of an employee shall be deducted from his/her salary for such period of time as prescribed under the ESI Act.

At present, there are two contribution periods provided by the ESIC, each of 6 months duration i.e. 1st April to 30th September and 1st Oct to 31st March of the year following. Once an employee is covered under ESIC, even if the monthly gross salary increases over the set salary ceiling specified

in the ESI Act, the employee continues to be covered for the entire contribution period during which such increase happened.

NOTE: The eligibility, rate of contributions and contributions period, all other provisions shall be governed by the ESI Act and its rules, which are subject to change as notified by the authorities from time to time.

7. Provident Fund (PF)

Membership of PF is mandatory for all those who join Capgemini as Permanent Employees. Under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPF Act"), both Capgemini India and its employees shall make their individual contributions towards PF at such rates as specified under therein. All Permanent Employees contributions towards PF shall be deducted from the monthly gross salary every month.

NOTE: The eligibility, rate of contributions, contributions period and all other provisions shall be governed by the EPF Act and its rules, which are subject to change as notified by the authorities from time to time.

Transfer of Provident Fund:

At Capgemini India, PF is managed by PF Trust & Employee Pension Scheme (EPS) and Employees Deposit Linked Insurance (EDLI) with Regional PF Commissioner. Permanent Employees who are new joiners must share their UAN for continuity of EPS accumulation and to transfer EPF. Such new joiners are required to fill PF Transfer form 13 (available on Talent - HR Workways) in duplicate and send the same to PF Helpdesk (**Capgemini Technology Services India Limited, Capgemini Knowledge Park IT1 / IT2, TTC Industrial Area, Thane-Belapur Road, AIROLI, Navi Mumbai – 400 708**). Permanent Employee can also opt for online transfer of PF through UAN portal (<https://unifiedportal-mem.epfindia.gov.in/memberinterface>)

Provident Fund Transfer-out / Settlement:

Post separation from Capgemini India, if an employee intends to join a company which is covered by the provisions of the EPF Act, it is obligatory for such employee to transfer his/her PF accumulations from Capgemini India to the PF account of his/her new employer. In such scenarios, as per law, employees cannot withdraw the PF accumulations under PF with Capgemini India.

However, under certain circumstances where withdrawal is permissible under the EPF Act, the employee must submit an application for withdrawal. At the time of making such payment of accumulated balance due under PF, tax would be deducted at source as if the accumulated balance were chargeable under the head "salaries" except in the following cases:

- If, he/ she has been a member of the PF continuously for a period of 5 years or more. This will also include the period of PF membership with earlier employers if the employee has transferred his accumulations to Capgemini India PF Trust. OR
- If, though he/ she have not rendered such continuous membership of PF, the service had been terminated because of the employee's ill health, or by the contraction or discontinuance of Capgemini India's business or other such cause beyond the control of the employee.
- In cases of death
- If, on cessation of his/her employment the employee obtains employment with any other employer to the extent the accumulated balance due and becoming payable to him/her is transferred to his individual account in any recognized provident fund maintained by such other employer.

NOTE: Any request or process related to transfer of PF, transfer-out or withdrawal, and settlement shall be made in accordance with the provisions and rules prescribed under the EPF Act, which may be amended/ notified from time to time.

8. Gratuity

Gratuity payment is governed by the provisions of Payment of Gratuity Act, 1972 ('Gratuity Act') as well as the rules of Capgemini India's gratuity trust. All Permanent Employees of Capgemini are covered under the gratuity scheme. Eligibility condition to receive gratuity at the time of separation is 4 years and 240 days of continuous service or as amended from time to time. The exception to this is an unfortunate death of a Permanent Employee while in service, in which case the condition of minimum service is not applicable.

Below are some important points for ease of reference only

As per the current law, Gratuity shall be paid at the rate of 15 days of last drawn basic salary for every year of service within the company. For the purpose of calculation of gratuity, any part period of service less than 6 months will be ignored and any part period beyond 6 months will be rounded off to 1 year.

All gratuity payments will be subject to tax unless exempted by law. As per the Gratuity Act, any gratuity amounts received during the lifetime for an employee which is above the gratuity ceiling as fixed under law from time to time, are taxable. In ascertaining whether the gratuity amount is taxable or non-taxable, at the time of leaving employment, the Employee is required to declare the amount of gratuity as received from his/ her previous employers. Where an employee receives an amount towards gratuity (earned during lifetime) over and above the non-taxable gratuity limit, Income Tax will be deducted on the excess amount at the applicable rate. Failure of employee to declare the gratuity amount earned from previous employers shall make him personally liable to pay income tax for the portion of that gratuity amount that is taxable. The gratuity limits are subject to revision by the government from time to time.

NOTE: The eligibility, entitlements, non-taxable ceiling on gratuity and all other provisions shall be governed by the Gratuity Act and its rules, which are subject to change as notified by the authorities from time to time.

9. Insurance Premium

This is insurance premium amount that Capgemini India pays towards covering employees under Term Life, Accident & Medical Policy and/ or any other policy.

Please refer details of the policy in following path on Talent page.

Support Function → HR → HR Policies → Employee Insurance Benefit Guide-2018

It is important to note that Capgemini India at its own discretion can change the coverage or the policy without any notice.

10. Variable Compensation scheme

Variable Compensation is a discretionary pay out. It is an indicative non - guaranteed amounts and payment of it depends on various factors such as business performance, Permanent Employee performance, etc.

The final payment can only be calculated once audited financials are available. This means that payment may vary between March/April every year depending on the financial closing process and Group approval.

The scheme year for Variable Compensation is 1st January to 31st December.

Scheme Eligibility and Rules:

Eligibility: To be eligible for inclusion in this discretionary Variable Compensation scheme, an employee must meet **all** of the following criteria:

- Have an India contract of employment and be employed by Capgemini India;
- An element of Variable Compensation is included in his/her Pay Letter;
- The employee should have joined Capgemini India on or before 30th September of the scheme year;
- If the employee is eligible for any kind of incentives (sales incentive, bonus or is covered under any another variable compensation program), such employee will not be covered by this scheme;
- The employee has not received an Annual Performance Rating “APR” of 4 or 5 for the scheme year; and
- If he/she is an active employee of the Capgemini India and is not serving notice period as on the date of payment of Variable Compensation.

Rules:

- The Variable Compensation is discretionary and is paid through payroll subject to tax.
- If you join Capgemini during the scheme year and your Pay Letter states your participation in the Variable Compensation Scheme, your payment will be pro-rated by the number of calendar days that you have worked during the scheme year.
- If you are serving notice period as of the payment date you will not be entitled for payment of Variable Compensation.
- In case of reduction in your **working hours** during the scheme year, your Variable Compensation target will be pro-rated in line with your new working hours. You will be issued a revised Pay Letter to indicate such changes as may be applicable to you.
- During the scheme year, if you transfer **between FS, BSV & NonFS - BSV** your payment will be calculated on prorated basis according to the number of calendar days worked in each unit, in accordance with performance and scheme rules in each unit and pay-out will be processed by respective unit payroll.
- If you take any type of agreed **leave without pay** during the scheme year, your final payment will be pro-rated by the number of calendar days that you have worked (not been on leave without pay) during the scheme year
- If you are subject to any **disciplinary investigation** and/or are awaiting an outcome from any other disciplinary process at the payment date, your payment may be deferred until an outcome is reached. Any adverse outcome of disciplinary proceedings instituted against an employee may have an adverse effect on their payment.
- If your employment is terminated on disciplinary grounds or loss of confidence or due to any act of misconduct, you will not be entitled to any payment under this scheme.

11. Conveyance Allowance

As per the Income Tax Rules, conveyance allowance is granted to an employee who is blind or orthopedically handicapped with disability of lower extremities to meet expenditure for the purpose of commuting between his/her residence and place of duty. The employee shall be exempt up to INR 3,200 per month (INR 38,400 per year).

Employees with above mentioned disabilities need to share a disability certificate (FORM NO. 10-IA duly certified by Medical Authority) with Compensation and Benefits Team of respective units (FS, Non FS-BSV & BSV) for availing the exemption.

By virtue of Income-tax (Eighteenth Amendment) Rules, 2005, as per Notification No. 177/2005 [F.NO. 192/25/200-TPL], Dated 29-6-2005, there is a FORM NO. 10-IA which is a Certificate of the

medical authority for certifying 'person with disability', 'severe disability', 'autism', 'cerebral palsy' and 'multiple disability' for purposes of section 80DD and section 80U. Please note:

- (i) Medical Authority means a Neurologist OR Civil Surgeon/Chief Medical Officer of a Government hospital.
- (ii) Certificate to be issued by Medical Authority is available as FORM NO. 10-IA on Income Tax authority website (<https://www.incometaxindia.gov.in/Forms/Income-Tax%20Rules/103120000000007833.pdf>)

VIII. Annual Compensation Review

- The exercise of annual compensation review is to reward Permanent Employees for their skills which are most valuable for future success and demonstrate ability to grow and develop. Compensation review decisions are reflective of external market position.
- Permanent Employees receiving performance rating of "4" or "5" would not be eligible for any increment.
- Permanent Employees should continue to remain employed and have not served Capgemini India with notice to resign, in order to be eligible for an annual compensation review.

IX. Management Rights

Capgemini India reserves the right to amend this guideline document from time to time, without prior notice.