

Purpose/Summary

- The Boeing International compensation structure is designed to be market competitive and provide flexibility to employees, while being both tax efficient and tax compliant. This document provides details of all components of compensation structure, including Reimbursable Flexible Benefit (RFB), as outlined in the Remuneration section of the Employment Agreement & Appendix A. The intent is to provide further clarification on the allowances and reimbursements available to International Locally Hired Employees employed with Boeing India Private Limited .
- Please note that this information is subject to change as per India tax regulation. In addition, management may change the compensation structure, including the RFB program at its discretion.
- Individual compensation information is confidential. We request that you use discretion in handling your compensation-related information. As a company policy, we prohibit sharing this information with other employees or unauthorized personnel. Any violation of this will be treated according to company policy.

Effective Date	Supersedes
1 April 2018	1 January 2018

Applies To

Population: International Locally Hired Employees

Country: India

Legal Entity: Boeing India Private Limited

Maintained By

International Total Rewards

Authority Reference

POL-3, "People"

Approved By

Michele Merati, Director, International Total Rewards

COMPONENTS OF COMPENSATION STRUCTURE

Basic Salary

- This is a mandatory component. This component will be fixed by the company at the time of offer/salary revision and is a fully taxable component. Retirement benefits are calculated on this component.

Reimbursable Flexible Benefits (RFB)

- Under Reimbursable flexible benefits, the Company provides some reimbursable benefits to the employee as shown in the chart below. Within the overall total RFB amount allowed, employees may allocate amounts towards the above benefits subject to the limits defined.
- The quantum of RFB is formalized in an individual declaration at the time of joining or in the event of any change in compensation. For the purpose of RFB, the year shall be defined as 1st April to 31st March of the following year. Existing employees would need to enter the individual RFB data into the payroll system, declaring on the various components of RFB before 1st April, failing which the entire RFB amount would be paid as flat taxable allowance after deduction of tax. New hires would declare the RFB break-up at the time of offer acceptance. Once the RFB enrollment form is submitted to the payroll system, no changes can be made until next compensation revision.
- The RFB component in the salary will accrue for the individual employee on a pro rata basis. All claims for reimbursements must be supported by valid bills and tickets. Any unclaimed or unutilised amount will be paid to employees at the end of the financial year. The bills for the reimbursements of components under RFB must be entered into the payroll system on a periodic basis to avail the tax benefit. The bills should be submitted on or before last working day of the preceding month. In the event of separation or on 31 March (whichever is earlier), the unclaimed pro rata RFB amount lying to an individual's credit will be paid as a flat taxable allowance along with his/her full and final settlement, or in the March payroll as the case may be, after deducting taxes, as applicable.

Please note:

- All receipts and other documentation required to substantiate claims must be entered into the payroll system by the last working day of the preceding month and no later than 1 March of the financial year for which reimbursement is requested.
- Employees must complete the claim form, attach receipts, and send a scanned copy, along with the original copies, to the payroll vendor.
- Employees must submit their income tax declarations before 1 April of the financial year.

Reimbursable Flexible Benefits (RFB) Components

An employee can choose from the following components for customizing his/her own RFB.

Component	Maximum Annual Limits
House Rental Allowance (HRA)	Up to 50% of Annual Basic Salary.
Leave Travel Allowance (LTA)	On Actual.
Education Allowance	Up to INR 2,400/-
Company Provided Vehicle Plan*	N/A

Component	Maximum Annual Limits
Vehicle Running & Maintenance Allowance*	
Company Leased Vehicle	Up to INR 300,000/- (inclusive of lease amount)
Employee Owned Vehicle	Below 1600cc – INR 21600/- Above 1800cc – INR 28800/-
Telephone/Internet Allowance	On Actual.
Flat Taxable Allowance	N/A
National Pension Scheme (NPS)	Minimum of INR 6,000 and up to 10% of Annual Basic Salary.
Meal Card	INR 13,200 per annum and INR 1,100 per month.

*Employee can choose either the Company Provided Vehicle Plan, or claim the Vehicle Running and Maintenance Allowance if they use their personal vehicle.

House Rental Allowance (HRA)

- House Rent Allowance is given to subsidize housing related expenses.
- The maximum HRA an employee can claim is 50% of Annual Basic Salary.

Reimbursement Guidelines and Tax Implications

- To avail this benefit, the employee should produce rent receipts as proof of actual payment (Exemption granted for those, whose House Rent Allowance is less than INR 3,000 per month) no later than 1st March of the following year.
- House Rent Allowance received by employees will not be exempt from tax if they:
 - Reside in their own home.
 - Reside in a house for which they don't pay rent (e.g., reside with their parents, stay in company-owned accommodations).

Leave Travel Allowance (LTA)

- Leave Travel Allowance indicates the annual allowance provided by the company to the incumbent for the purpose of vacation. LTA may be claimed for travel expenses of self, spouse, children and dependent parents. However, the employee must be a co-traveler to claim tax-exemption.
- Reimbursements can only be claimed against expenses on actual travel taken during the year.
- This allowance covers only the travel costs. Accommodations and incidental expenses are not covered under this allowance.
- LTA amount cannot be carried forward to future calendar years.

Reimbursement Guidelines & Tax Implications

- To claim tax-exemption for LTA, the travel period must correspond to a minimum of 5 days' leave taken by the employee. For the purpose of LTA claim, vacation leave, weekends and public holidays are considered.
- Tax exemption is given for two journeys in a block of four years or once in two years as per rules of the Central Board of Direct Taxes (CBDT).

- If journey is by rail, the maximum limit on which tax exemption may be claimed is the first class AC rail fare by the shortest route to place of destination.
- If journey is by air, maximum limit for tax exemption is air economy fare by the shortest route to place of destination by a national carrier within India.
- Payments are made annually upon presentation of original bills and proof of travel (e.g., train/airplane tickets, boarding passes) and the completed RFB claim form.
- The LTA claim form should be submitted by the last working day of the preceding month to be processed with the month's payroll for the period 1st April through 31st March.
- If unclaimed, LTA cannot be carried forward and claimed the next year. It will be paid with the March salary after deduction of tax.
- Employees can claim taxable LTA by submitting the RFB claim form without bill. The amount shall be released on monthly basis over the period until March subject to their accrual.

Education Allowance

- Education allowance is the annual cost of providing children's education by the employee.
- Children's education allowance qualifies for an exemption of INR 100 per month per child subject to a maximum of two children (INR 2,400/-).

Reimbursement Guidelines & Tax Implications

- To claim the Education Allowance, the employee must declare the amount in the RFB declaration form.
- The amount will be processed in the monthly payroll and paid with the monthly salary.

Company Provided Vehicle Plan

Please refer to the detailed vehicle lease policy document.

Vehicle Running & Maintenance Allowance

- An employee can distribute a certain amount of his/her RFB towards vehicle running and maintenance expenses up to a maximum of INR 300,000 per annum.
- The employee will need to intimate in advance on the option opted by them in respect of the vehicle i.e. whether she/he will be entitled to company provide vehicle (vehicle lease) or will use his own vehicle.

Company Provided Vehicle Lease

- If employees are entitled to a company-provided leased vehicle, they can claim reimbursement for fuel, government tolls, parking, garage rental, and other running expenses. It will not include maintenance and insurance charges as they are covered in the monthly lease rentals paid to the leasing company.
- Reimbursement of fuel and other running expenses will be made on submission of actual bills by the employee.
- If the vehicle is owned by the employer and used for both official and personal purposes, the benefit shall be taxable at the rate of:
 - INR 1,800 per month (if the cubic capacity of the vehicle is below 1600 cc).
 - INR 2,400 per month (if the cubic capacity of the vehicle is above 1600 cc).

- Where driver is also employed, such benefit shall be taxable at INR 900 per month in addition to above.
- If the vehicle is used only for personal purposes, the entire amount will be taxable in the hands of the employee.

Reimbursement Guidelines & Tax Implications

- To claim reimbursement for vehicle fuel and maintenance expenses, employees must submit bills along with the duly filled RFB claim form to the local accountant on or before the last working day of the preceding month to be processed with the month's payroll.
- If the driver's salary is being claimed, employees must submit the signed receipt as obtained from the driver for the amount he was paid.
- The employee may distribute a certain amount of his/her RFB towards vehicle fuel and maintenance expenses.

Employee Owned Vehicle

- A vehicle registered in the name of spouse/father/mother shall not be admissible for this facility.
- For employee-owned vehicles, employees must submit a copy of their registration papers (Blue book) to the local payroll vendor before claiming expenses.
- The expenses will cover fuel, maintenance, insurance, government toll, parking charges and garage rent.
- If the vehicle is used for both official and personal purposes, reimbursement for claimed maintenance, fuel, etc., will be taxed in the hands of the employee as under:
 - The reimbursement claimed less INR 1,800 per month in case the vehicle is below 1600 cc.
 - The reimbursement claimed less INR 2,400 per month in case the vehicle is above 1600 cc.
- In case where driver is employed then a deduction of INR 900 per month in addition to the above may be claimed by the employee.
- In case where it is used fully for personal purposes then the entire amount will be taxable in the hands of the employee.

Reimbursement Guidelines & Tax Implications

- To claim reimbursement for vehicle fuel and maintenance expenses, employees must submit bills along with the duly filled RFB claim form to the payroll vendor on or before the last working day of the preceding month to be processed with the month's payroll.
- If the driver's salary is being claimed then the employee will be required to submit the signed receipt as obtained from the driver for the salary so paid to him.
- The employee may distribute a certain amount of his/her RFB towards vehicle fuel and maintenance expenses.

Telephone/Internet Allowance

- Telephone expenses may be claimed only if employees have a telephone in their name.
- Internet usage expense can be claimed if employees have a residential broadband connection in their name.

- Telephone expenses do not cover STD/ISD bills made from public call booths or elsewhere.
- Expenses for personal Mobile Phones not paid for by the Company can also be claimed under this benefit.
- Expenses for personal mobile phones and broadband connections paid by the Company cannot be claimed under this benefit.

Reimbursement Guidelines & Tax Implications

- To claim telephone/internet expenses, employees must submit receipts of bills along with the duly filled RFB claim form on or before the last working day of the preceding month to be processed with the month's payroll.

Flat Taxable Allowance

- The company will pay any unclaimed portion of the RFB amount as a special allowance.
- This is paid as a part of the monthly payroll.

Reimbursement Guidelines & Tax Implications

- This component is fully taxable to the employee.

National Pension Scheme

- Employees can allocate a portion of their RFB toward the National Pension Scheme.
- Employees would need to contribute a minimum of INR 6,000 annually and up to 10% of their Annual Basic Salary.

Reimbursement Guidelines & Tax Implications

- A maximum of 10% of basic would be eligible for tax exemption.

Meal Cards

- Employees can allocate a portion of their RFB toward the Meal Cards.
- Employees can allocate INR 13,200 or 1,100 per month towards Meal Cards.

Reimbursement Guidelines & Tax Implications

- Meal Cards qualifies for an income tax exemption of INR 50 per day per employee (INR 13,200 annually)

Retirement Benefits**Provident Fund**

BIPL contributes 12.0% of basic salary toward provident fund which is credited to the recognized provident fund account of an employee. An equivalent contribution is made by the employee.

Gratuity

Employees will be entitled to a gratuity payable at the time, in the amount and under the circumstances provided in the Payment of Gratuity Act of 1972, as amended (the "Gratuity Act") if and to the extent they meet the requirements for payment. In general, the gratuity is payable on termination of employment to employees who have at least 5 years of continuous service with the Company (or to an employee with fewer years of continuous service, if his or her termination is due to his or her death or disablement), in an amount equal to 15 days' Basic Salary multiplied by the employee's whole and partial years of continuous service with the

Company, up to the maximum gratuity specified in the Gratuity Act. Notwithstanding the foregoing, a partial year of continuous service will be counted only if it exceeds 6 months. If employees are terminated for any act, willful omission or negligence causing damage, loss to or destruction of Company property, they will forfeit the gratuity to the extent of that damage, loss or destruction.

Notes

The company will not provide any kind of tax advice. The employee is responsible for checking with their tax advisor on the tax effects of the RFB program.

For questions regarding this document, please contact your HR representative

Revision History

Revision Date	Summary
April 2011	New document Version 1.00
May 2013	Guideline revision Version 2.00
April 2015	Guideline revision Version 3.00
September 2015	Update Conveyance Allowance Version 4.00
April 2016	Update Vehicle Running and Maintenance Allowance Version 5.00
April 2017	Added NPS to RFB list Version 6.00
17 January 2018	Added Meal Cards to RFB list. New Effective Date of 1 January 2018. Added Maximum Annual Limits for an Employee Owned Car. Version 7.00
2 April 2018	Removed Medical Reimbursement and Conveyance Allowance from the Perquisite, Allowance, and Reimbursement Policy. Version 8.00