Total Rewards

DSP
MUTUAL FUND

DSP Total Rewards framework

DSP Investment Managers Private Limited (DSP) follows a **Total Rewards** framework which includes Fixed Compensation, Performance Pay, The One DSP Program (ESOPs) & Benefits, while providing an enabling environment for learning & growth.

Compensation at DSP is influenced by:

Performance:

Performance at DSP is assessed after taking an overall view of what an employee has achieved along with how an employee has accomplished it. Sustainability risks are taken very seriously by DSP, and ESG is integrated into the team's investment process. However, from a compensation point of view, ESG factors are not evaluated in isolation with regards to Analyst/ Portfolio Manager performance, but are incorporated as a part of the overall stock recommendations made by the analysts and portfolio performance by the Portfolio Managers.

Position:

The market trend of compensation for the position is another key factor that contributes towards compensation decisions.

Potential:

Potential is the firm's view of an employee's ability to take higher roles and responsibilities. Compensation is influenced by the value of the role to the firm – economics, return and criticality to DSP's success.

What is DSP's compensation approach?

DSP takes a 'total compensation' approach in making compensation decisions. This means individual compensation decisions focus on total compensation versus any one component of pay.

Components of Total Rewards

1. **Total Compensation:** The sum of an employee's annual cash compensation is called Total Compensation. This includes fixed compensation and performance pay.

   A. Fixed Compensation: It includes basic salary, allowances and retirals like provident fund and gratuity.

   The firm's ability to pay plays an important role in determining fixed compensation levels and changes. Other factors that are used in determining fixed compensation include:

   - The employee's role, knowledge, skills and abilities
   - Fixed compensation of comparable employees within department and the firm & market data (from a location and role perspective)

   B. Performance Pay: This is an annual payment made at the sole discretion of the firm to reward performance. It is a one-time payment that must be re-established and re-earned for each performance period. The amount changes directly with the level of performance or results achieved.

   The performance pay at DSP is:

   - Tied to firm, business unit and individual performance
   - Influenced by criticality of role, market competitiveness

The key attributes of Performance Pay are:

- *Firm's Financial Performance:* One of the prime drivers of the aggregate bonus pool is Pre Bonus Operating Profit before Tax. Generally, Bonus pool directionally moves in line with Pre Bonus Operating Profit before Tax.
- *Function Performance & Allocation:* The bonus pool allocation is made based on the performance of each business unit. Generally, the dimensions considered for evaluating performance are Financial results, Business initiatives, Talent and Culture.
- *Individual Performance:* Based on individual performance, total compensation is differentiated through the firm's annual performance pay. Other factors which plays a role in annual performance pay are:
  - Any change in the role
  - The scope of the current job expands or contracts
  - Market pay level increases or decreases for a role
  - Potential of the employee

C. The One DSP Program (Employees Stock Option Plan):

- The objective of the 'One DSP' scheme is to drive ownership culture while giving a wealth creation opportunity to employees.
- Under the scheme, options have been awarded to eligible employees based on their role, experience, grade, performance and potential. The individual grant of options is recommended by the management and approved by the Nomination and Remuneration Committee.
- These awards are not considered as a part of Total Compensation.

D. **Employee Benefits:** These are non-cash benefits in addition to Total Compensation, designed to protect an employee and his or her family from some financial risks.

- **Group Insurance**
  - **Medical Insurance Scheme:** This scheme provides for hospitalization benefits. This family floater insurance policy covers an employee and his/her 3 dependents, subject to a cap. The employee will share a fixed percentage of the claim amount of dependent parents.
  - **Life Insurance Scheme:** This scheme provides a grade-based life insurance cover in case of the unfortunate event of an employee's death.
  - **Accidental Insurance Scheme:** This is also a grade-based accident cover given to employees in case of any eventuality due to an accident.
  - **Staff Personal Loan:** Eligible employees can avail a staff personal loan, which is a multiple of their monthly basic salary at a rate decided by the Company from time to time.
  - **Annual Health Check Up:** Employees are entitled for an annual health check- up plan as per their age profile.
  - **Leave Benefits** are provided to enable healthy work life balance. Along with paid leaves, we have provisions for Adoption, Maternity, Paternity and Marriage Anniversary Leaves.