

## CARE ESG RATINGS LIMITED

### (FORMERLY KNOWN AS CARE ADVISORY RESEARCH AND TRAINING LIMITED)

## NOMINATION AND REMUNERATION POLICY

### INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and Employees of the Company, to harmonize the aspirations of human resource consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 ("Act"), this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated.

### OBJECTIVE

The Nomination and Remuneration Committee and this policy shall be in compliance with Section 178 of the Act read with the applicable rules made thereunder. The objective of this Policy is to lay down a framework in relation to appointment and remuneration of Directors, KMP, Senior Management Personnel and other employees of the Company.

The terms of reference of the Committee as defined by the Board are as follows:

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director;
- 2) Identifying persons who are qualified to become Directors and who maybe appointed as Key Managerial Personnel (KMP's) as per provisions of the Act or in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- 3) Determine and recommend to the Board the remuneration/sitting fees to be paid to Directors and remuneration to be paid to Key Managerial Personnel (KMP's) appointed as per provisions of the Act;
- 4) Formulate the criteria for evaluation of board of directors, as and when applicable and
- 5) Recommend to the Board Policy relating to Remuneration for Directors, Key Managerial Personnel and other employees.

### APPLICABILITY

This Policy is applicable to all Directors (Executive and Non-executive), Key Managerial Personnel (KMP), Senior Management Personnel and employees of the Company.

### DEFINITIONS

"**Act**" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.

"**Board**" means Board of Directors of CARE ESG Ratings Limited.

"**Committee**" means Nomination and Remuneration Committee.

"**Company**" means CARE ESG Ratings Limited (formerly known as CARE Advisory Research and Training Limited)

"**Directors**" means Directors appointed to the Board of the Company.

"**Executive Director**" means a Director who is in full time employment and involved in the day to day management of the Company.

**“Non- Executive Director”** means a Director who is not in employment of the Company but is involved in policy making and planning exercises.

**“Independent Director”** means a Director referred to in Section 149 (6) of the Act and rules made thereunder.

**“Key Managerial Personnel”** means –

- the Chief Executive Officer or the Managing Director, or the Manager;
- the Company Secretary;
- the Whole-time Director;
- the Chief Financial Officer;
- such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- Such other officer as may be prescribed.

**“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

**“Senior Management Personnel”** mean the personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, one level below the Board including all functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act as maybe amended from time to time shall have the meaning respectively assigned to them therein.

## **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT-**

### **1. Appointment Criteria and Qualifications-**

- a) The Board of Directors of the Company to consist of eminent professionals from the disciplines of environmental science, sustainability, social impact, banking, finance, accounts, engineering etc.
- b) The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- c) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

### **2. Positive Attributes-**

- a) Excellent interpersonal, communication, leadership and representational skills;
- b) Having continuous professional development to refresh knowledge and skills and
- c) Commitment of high standard of ethics, personal integrity and probity.

### **3. Performance Evaluation-**

The Committee shall recommend to the Board on appropriate performance criteria for the Directors as and when become applicable. It shall carry out performance evaluation of every Director on the Board of the Company.

#### 4. Term / Tenure-

- a) **Managing Director/Whole-time Director/Executive Director:** The Company will appoint or re-appoint any person as its Managing Director or Wholetime Director or Executive Director for a term not exceeding five years at a time. No re-appointment will be made earlier than one year before the expiry of term.
- b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

#### 5. Removal-

Due to reasons for any disqualification mentioned in the Act or under any other applicable acts, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### 6. Retirement-

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing Policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### B. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- 1) **Remuneration to Managing Director, Executive Director, KMP and Senior Management Personnel:** The Remuneration / Compensation etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force however shall always be subject to such approvals as per the applicable provisions of such act. The remuneration with regard to Senior Management Personnel will be as per the HR policy of the Company.
- 2) **Performance Evaluation and Variable pay to Managing Director, CEO and Key Managerial Personnel:** The performance evaluation of the Managing Director, CEO and other Key Managerial Personnel will be decided on the basis of financial and technical parameters and its achievement to the budgeted targets fixed by the Board. Further, the overall performance of the Company, retention of the clients, new additions of the client, recovery of outstanding dues, growth in profit, growth in revenue and control over management expenses will also be considered.
- 3) **Remuneration to Non-executive Director and Independent Director:**  
The Non-Executive Director and Independent Director will be entitled for sitting fees for attending the Board and Committee Meetings subject to ceiling/limits as provided under Act and rules made thereunder or any other enactment for the time being in force and after passing of a resolution by the Board.

**4) Commission:**

The Non-executive Director and Independent Director may be paid commission subject to ceiling/ limits as provided under Act and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Shareholders.

**5) Post Retirement Benefits:**

The Employees and Senior Management Personnel are entitled for retirement benefits such as encashment of leave, leave travel concession, provident fund superannuation fund and gratuity.

**DUTIES IN RELATION TO NOMINATION MATTERS:**

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of senior management and reviewing its effectiveness;
- b) Ensuring that in case of appointment as Independent Directors, the Independent Directors shall be issued a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation;
- d) Determining the appropriate size and composition of the Board;
- e) Evaluating the performance of the Board members as and when applicable as per provisions of the Act in the context of performance of the Company from business and compliance perspective and
- f) Evaluating the performance of the Key Managerial Personnel and Senior Management of the Company

**DUTIES IN RELATION TO REMUNERATION MATTERS:**

The duties of the Committee in relation to remuneration matters include:

- a) Considering and determining the Remuneration Policy, based on the performance and also reasonableness and sufficient to attract / retain / motivate members of the Board and such other factors as the Committee shall deem appropriate to determine the remuneration of the members of the Board.
- b) Approving the remuneration of the Senior Management including Key Managerial Personnel of the Company and
- c) Considering any other matters as may be requested by the Board.

**REVIEW AND AMENDMENT:**

- a) On the recommendation of the Committee, the Board may review the Policy as and when it deems necessary.
- b) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- c) In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.