

NOMINATION AND REMUNERATION POLICY

MIRAE ASSET FINANCIAL SERVICES (INDIA) PRIVATE LIMITED

Version 1.0

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VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation/Change	Department	Version Number	Approved By
1	Original Document	November 7, 2024	Secretarial & Compliance	Ver. 1.0	Board of Directors

1. INTRODUCTION

Mirae Asset Financial Services (India) Private Limited (“MAFS” or “Company”) is registered as a Non-Banking Financial Company with the Reserve Bank of India (“RBI”) under Section 45 IA of the Reserve Bank of India Act, 1934.

Pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“RBI Master Direction”) issued by the RBI read with Section 178 of the Companies Act, 2013 (“the Act”), as amended from time to time, the Company has constituted a Nomination and Remuneration Committee (“Committee”) and has adopted this Nomination & Remuneration Policy (“Policy”).

2. OBJECTIVE

The objective of this Policy is to lay down a framework in relation to appointment, removal, and remuneration of Directors, Key Managerial Personnel (“KMP”) and Senior Management of the Company, in accordance with the provisions of RBI Master Directions and the Act.

The Key Objectives of the Committee shall be:

- To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, KMPs and other employees.
- To formulate the criteria for performance evaluation of the Board, Committees and Individual Directors and to carry out the performance evaluation.
- To recommend to the Board on the Remuneration payable to the Directors, KMPs and Senior Management.
- To ensure that KMPs and Senior Management are rewarded basis their effort, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. DEFINITIONS

“Act” shall mean the Companies Act, 2013 and the Rules made thereunder, as amended from time to time.

“Applicable Laws” shall mean and include:

- the Act;
- Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the RBI; and
- any other laws / rules / regulations / circulars / notifications / guidelines applicable to the Company in this regard, as amended from time to time.

“Board” shall mean Board of Directors of the Company.

“Company” shall mean Mirae Asset Financial Services (India) Private Limited.

“Director” shall mean Director of the Company.

“Independent Director” shall mean a Director as referred to in Section 149(6) of the Act.

“Key Managerial Personnel” (“KMP”) shall have the same meaning as defined under Section 2(51) of the Act or any Applicable Laws, as amended from time to time.

“Managerial Person” shall mean Managing Director/Whole-time Director/Manager.

“Nomination and Remuneration Committee” (“NRC” / “Committee”) shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and RBI Master Direction, as amended from time to time.

“Policy” shall mean Nomination and Remuneration Policy.

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

“Senior Management” shall have the same meaning as defined under explanation to Section 178 of the Act, as amended from time to time.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act/RBI Master Direction or Applicable Laws, as amended from time to time, shall have the meaning respectively assigned to them herein.

4. ROLE OF THE COMMITTEE

The role of the Committee, *inter-alia*, shall be the following:

- (a) Formulate criteria to qualify individuals who may become Director or who may be appointed in Senior Management level of the Company and recommend to the Board of such appointments and removal;
- (b) To ensure ‘fit and proper’ status of proposed/existing Directors & Chief Compliance Officer and that there is no conflict of interest in appointment of Directors on the Board of the Company, KMPs and Senior Management and their independence is not subject to potential threats;
- (c) To formulate the criteria for performance evaluation;
- (d) To carry out performance evaluation of all Directors;
- (e) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- (f) Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The policy shall be referred as Nomination and Remuneration policy;
- (g) Ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (“ICAAP”);
- (h) To decide on the commission payable to the Directors within the prescribed limit and as approved by the Shareholders of the Company;

- (i) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- (j) To decide whether to extend or continue the term of appointment of the Independent Director on the basis of report of performance evaluation of Independent Director;
- (k) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable and such other powers to be exercised by NRC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

The NRC shall work in close coordination with the Risk Management Committee (“RMC”) of the Company to achieve effective alignment prudent between compensation and risks.

5. MEMBERSHIP OF THE COMMITTEE

- (a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least one-half shall be Independent. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee.
- (b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act, RBI Master Direction and such other Applicable Laws/statutory requirements.
- (c) Minimum two (2) members or one third of the members of the Committee, whichever is greater, including at least one independent director in attendance shall constitute a quorum for the Committee meeting.
- (d) Membership of the Committee shall be disclosed in the Annual Report.
- (e) Term of the Committee shall be continued unless terminated by the Board.

6. CHAIRPERSON

- (a) Chairperson of the Committee shall be an Independent Director.
- (b) Chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not Chair the Committee.
- (c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

- (d) Chairperson of the Nomination and Remuneration Committee should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

7. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year or in accordance with the Applicable Laws.

8. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairperson of the said meeting or the Chairperson of the succeeding meeting. Minutes of the Committee Meeting shall be tabled at the subsequent Board and Committee meeting.

9. COMMITTEE MEMBERS' INTERESTS

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. VOTING

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed as decision of the Committee.
- (b) In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

11. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

❖ **Appointment criteria and qualifications:**

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his / her appointment.
- (b) 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.
- (c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years.

Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

❖ **Term / Tenure:**

(a) Managing Director/Whole-time Director/Manager (“Managerial Person”):

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall 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 shall be made in the Board's Report of the Company.

- No Independent Director shall hold office for more than two consecutive terms, 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.

❖ **Evaluation:**

The performance evaluation shall be carried out as given below:

Performance Evaluation by	Of Whom
Nomination and Remuneration Committee	Every Director's performance
Board of Directors	All Directors (excluding the Director being evaluated) and Board and Committees as a whole
Independent Directors	Review the performance of Non-Independent Directors and Chairperson of the Company

The Committee shall carry out evaluation of performance of every Director at regular interval preferably on yearly basis.

❖ **Removal:**

Due to reasons for any disqualification mentioned in the Applicable Laws, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the Applicable Laws.

❖ **Retirement:**

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

12. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

❖ General:

- (a) The remuneration / compensation / commission, etc., to Managerial Person, KMP and Senior Management shall be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., shall be subject to the prior/post approval of the Shareholders of the Company and such other approvals, wherever required.
- (b) The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Act, RBI Master Direction, RBI guidelines, and the Applicable Laws for the time being in force.
- (c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
- (d) The remuneration structure shall have a right mix of guaranteed (fixed) pay, pay for performance and long-term variable pay based on business growth and other factors such as growth in shareholder value to ensure that it is competitive and reasonable.
- (e) Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and for Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

❖ **Remuneration to Managerial Person, KMP and Senior Management:**

The compensation of Managerial Person, KMP and Senior Management needs to be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The compensation packages shall comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

Here, time horizon shall entail that every risk assumed by the Company shall have a time horizon, that is, there would be an estimated time period over which the results/outcome of the risk assumed is realised in which the risk may or may not materialise. There shall be certain cases where outcome is realised in a short time span, while there may be some cases where outcome shall be realised only in the long-run. Variable compensation payments shall be structured accordingly. Payments shall not be finalised over short periods where risks are realised over long periods. There shall be adequate mechanism to avoid or defer payouts for income that cannot be realised or whose likelihood of realisation remains uncertain at the time of payout.

(a) Fixed pay

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Applicable Laws for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to Provident Fund(s), pension scheme(s), medical expenses, club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and such other approval, wherever required.

(b) Variable Pay

Variable pay shall be a mix of cash and share-linked instruments with proper balance between cash and share linked components in keeping with the RBI guidelines. The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board/Company. The amount payable shall be based on performance against pre-determined financial and non-financial metrics. Such metrics and their relation to remuneration packages shall be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

KMPs and senior management may have higher proportion of fixed compensation, if engaged in financial control, risk management, compliance and internal audit which are independent in nature with the business areas they oversee and commensurate with their key role in the Company. Reasonable proportion of compensation may be in the form of variable pay for exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

At higher levels of responsibility, the proportion of variable pay shall be higher. The variable pay shall be truly and effectively variable and may be reduced to zero based on performance at an individual, business-unit and company-wide level.

Here, share-linked instruments shall mean:

- Employee Stock Option Scheme
- Employee Stock Purchase Scheme
- Stock Appreciation Rights Schemes
- General Employee Benefit Scheme
- Retirement Benefit Scheme

(c) Deferral of variable pay

For KMPs and Senior Management, both cash and share linked variable pay may be deferred as recommended by the Committee and as approved by the Board of the

company. In the event of a separation of an employee on good terms with the company, the Committee shall have the discretion to waive part or whole of the deferred pay.

(d) Provision for excess remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act. If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without such approval, wherever required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Provided that the Company may waive the recovery of any sum refundable to it after passing of special resolution within two years from the date the sum becomes refundable.

(e) Guaranteed bonus

Guaranteed bonus shall not be awarded by the Company to Managerial Person, KMPs and senior management other than for new hires as joining/sign-on bonus only in the first year. Any such bonus, if required, may be in the form of cash or share-linked instruments and shall neither be considered part of fixed pay nor of variable pay.

(f) Malus / Clawback

Malus & Clawback provisions shall be applicable which would enable the Committee to reduce or cancel unvested awards and recover previously paid compensation in certain situations, viz. Subdued or Negative Financial Performance, Fraud, Misconduct or any other parameter as may be determined by the Committee.

The Committee may invoke the malus and clawback clauses in following situations that may be applicable on entire or part of the variable pay/ deferred compensation payable to the Managerial Person, KMPs and senior management:

- (i) Subdued or negative financial performance of the Company;
- (ii) Any deficiency in regard to loans and advances activities of the Company;
- (iii) Misconduct, viz.:
 - Non adherence to Systems and procedures including internal guidelines / policies
 - Breach of Contract / violation of non-disclosure agreement
 - Gross negligence and Integrity breach
 - Misuse of official powers
 - Unjust enrichment
 - Non-disclosure in case of conflict of interest
 - Failure / lapses in regulatory compliance
- (iv) Assessed Divergence in Company's provisioning for NPA exceeds prescribed threshold.
- (v) Any other parameter as may be determined by the Committee/Board.

Malus clause shall be considered if an act of negligence, on part of Managerial Person or KMPs or senior management, comes to light in the subsequent period and clawback clause shall be considered if an act of integrity breach or fraud on part of Managerial Person or KMPs or senior management comes to light in the subsequent period. Clawback may be applied anytime for a period of 3 years or such other period as may be determined by the Committee from the date of release of variable pay.

Malus and Clawback shall apply equally to resigning and retiring employees.

❖ **Remuneration to Non-Executive/Independent Director:**

(a) Remuneration/ Commission:

The remuneration/commission, if any, shall be in accordance with the statutory provisions of the Act and the rules made there under for the time being in force.

(b) Sitting Fees:

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed from time to time.

(c) Limit of Remuneration/ Commission:

Remuneration/Commission may be paid to Non-Executive/Independent Directors within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive/Independent Directors in accordance with the provisions of Schedule V of the Act. If any Non-Executive/ Independent Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without such approval, wherever required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Provided that the Company may waive the recovery of any sum refundable to it after passing of special resolution within two years from the date the sum becomes refundable.

13. GUIDING PRINCIPLES

The Policy shall ensure that:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short term and long term performance objectives appropriate to the working of the Company and its goals.

14. DEVIATIONS FROM THIS POLICY

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. Deviations shall be reported to the Committee.

15. REVIEW/ REVISION OF POLICY

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.