

ASEEM INFRASTRUCTURE FINANCE LIMITED (AIFL or COMPANY)

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (“REMUNERATION POLICY”)

Reviewing & Approving Authority

Authority	Designation
Prepared By	Vice President, Human Resource Company Secretary
Reviewed By	Chief Executive Officer
Recommended By	Nomination & Remuneration Committee
Approved By	Board of Directors
Date of approval	February 14, 2024

Version History

Version	Issue Date	Brief Description
V.1	July 22, 2020	New Policy Adopted
V.2	August 26, 2021	Amended to include the reference to the provisions of the Companies Act, 2013 and certain factual changes
V.3	March 30, 2023	Addendum to the policy added, to include clauses of RBI Circular on “Guidelines on Compensation”, dated April 29, 2022
V.4	February 14, 2024	Amended to align with the RBI Regulations.

Remuneration policy for directors, key managerial personnel, senior management personnel, and other employees (“Remuneration Policy”)

1. Preamble

The Remuneration Policy provides a framework for the remuneration of the Directors, Key Managerial Personnel (“KMP”), Senior Management Personnel (“SMP”) and other employees of Aseem Infrastructure Finance Limited (“AIFL” or “the Company”).

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) read with the applicable rules (as amended from time to time); SEBI (Listing Obligations and Disclosure Documents), Regulations, 2015 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended from time to time).

In case of any inconsistency between the provisions of law and this Remuneration Policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law. In case there are any changes in the applicable law, the Company shall comply with the applicable amended provisions.

Categories of Employees covered under this policy:

- a) All Directors including Whole Time or Executive Directors and Non-Executive or Nominee Directors or Independent Directors
- b) Key Managerial Personnel as defined under Section 2 (51) of the Act
- c) Senior Management

As per the Companies Act 2013:

“Key Managerial Personnel” (KMP), in relation to a company, means—

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer as may be prescribed.

“Senior Management Personnel” (SMP) includes officers or personnel of the Company who are members of the core management team of the Company comprising of all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer or Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and Chief Financial Officer.

II. The major principles and objectives of the Company’s Remuneration Policy for Directors are as under:

- a. To ensure that remuneration is competitive, enabling the Company to attract and retain Whole Time Directors capable of meeting the Company’s needs and service delivery obligations;

- b. All Whole Time Directors, of the Company are recognized and rewarded for their performance in a fair and equitable manner;
- c. To ensure that the relationship of remuneration to performance is clear and meets the organization's performance goals while creating shareholder value;
- d. Compensate Whole Time Directors adequately ,ensuring a balance between short-term and long-term financial performance and health of the organization) for the efforts put in by them for the growth of the Company taking into consideration their significant professional expertise and rich experience across a wide spectrum of functional areas, time commitment, ensuring compliance with various statutory requirements and current competitive business environment.

III. The major principles and objectives of the Company's Remuneration Policy for KMP, SMP and other employees are as under:

A. Help attract and retain employees:

- i. Company recognizes that the industry landscape is competitive and therefore, the Company requires to provide competitive remuneration to ensure that high caliber key managerial personnel and employees are hired and retained to run the Company in meeting its performance objectives.
- ii. The remuneration policy to have differentiated benefit programs that build and reinforce organization's values and loyalty.
- iii. The remuneration payable to the employees shall be consistent with the applicable regulations from time to time.

B. Foster a culture of meritocracy

- i. Reward meritocracy, where differentiation is based on superior and consistent performance.
- ii. Rewards are not just based on quantitative (financial) parameters but also on how performance is achieved, including processes adopted, prudent judgment, and controls exercised.

C. Evaluate and Reward Performance over Time

- i. The remuneration plan ensures a balance between short-term and long-term financial performance and health of the organization.
- ii. Drive long-term commitment and ownership through Long Term Incentive Plan (LTIP) and/or equity awards with deferred vesting schedules.

D. Market competitive and mix of Fixed and Variable component

- i. The compensation structure will have Fixed Pay and Variable Pay. Fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. Fixed Compensation may include various components such as Basic, PF, Gratuity and Flexible Pay Components introduced in the company from time to time.
- ii. The variable pay will comprise of Short Term Incentive (STI) and Long Term Incentive (LTI). Short term incentives in the form of annual performance incentive/bonus and long-term Incentives/equity based plan/deferred incentives ensure achievement of both short and long term Company performance.
- iii. The remuneration shall be market competitive.

2. Remuneration to Nominee Directors/ Independent Directors / Non-Executive Directors

- i. The Nominee Directors shall not be entitled to any remuneration in their capacity as Directors of the company (except any remuneration payable under his/her employment of service contract, if any).
- ii. Independent Directors and Non-Executive Directors may be paid remuneration as approved by the Board and as prescribed under the applicable law.
- iii. In addition to the Sitting Fees, Directors will be paid travelling expenses including airfare, hotel stay, and car on rental basis for attending the meetings and such other expenses as are incurred by the directors and allowed to be reimbursed as per the provisions of the Companies Act, 2013 and any regulatory provisions applicable to the Company and/or its' business.

3. D&O Policy

All Directors and employees of the Company shall be covered under the Directors and Officers Liability Insurance ("D&O") Policy.

Employees must conduct themselves to ensure that no breach of Code of Conduct is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

4. Disclosures in the Board's Report

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made thereunder, to the extent applicable, shall be made with regards to the remuneration details of the Directors, KMPs, SMPs and other employees.

5. Policy review

This Policy may be amended, modified, or supplemented, annually to ensure compliance with any amendment, modification, or supplementation to the Act and Rules made there under and under any other applicable laws.

Any such amendment shall be recommended by the Nomination and Remuneration Committee (The constitution of the said Committee is defined under Company's Internal Guidelines on Corporate Governance) and approved by the Board of Directors.

6. Addendum to the Remuneration Policy applicable to Key Management Personnel (KMPs) and Senior Management Personnel (SMPs) referring to Malus and Clawback forms part of this policy

7. Website

This Remuneration Policy shall be placed on the website of the Company.

Addendum to the Remuneration Policy¹ applicable to Key Management Personnel (KMPs) and Senior Management Personnel (SMPs)

1. Compensation Package:

- i. The Compensation of KMP and SMPs should be reasonable, in accordance with statutory requirements and market practices. Compensation packages may include both fixed and variable pay components that are effectively aligned with prudent risk taking. The payouts for variable pay should be as per appropriate time horizons.
- ii. The proportion of variable pay in total compensation must be commensurate with the role of KMPs/ SMPs and their prudent risk-taking profile. The proportion of variable pay needs to be higher at higher levels of responsibility. Variable pay should be truly and effectively variable and could be reduced to zero, based on individual, departmental, and company-wide performance. The performance parameters and their relation to remuneration packages need to be clearly defined at the beginning of the performance measurement period, to provide clarity to the employees.
- iii. In the case of control and assurance functions, personnel engaged in control, risk management, compliance, and internal audit etc. may be compensated in a manner that is independent of the business areas they oversee and commensurate with their critical role in the company. Accordingly, such employees may have a higher proportion of fixed compensation. However, a reasonable proportion of the compensation can be in variable pay, to exercise clawbacks / malus in the event it is needed.

2. Guaranteed bonus

KMPs and SMPs are not eligible for guaranteed bonus. However, one time joining/sign-on bonus could be considered in the context of new hires. Such a bonus will not be considered part of either fixed or variable pay.

3. Malus/Clawback

The Company believes in long-term business performance and prudent risk-taking. As a result, the Company has devised an appropriate mechanism to institutionalize the risk-aware culture and KPIs accordingly factor in parameters related to asset quality besides revenue and profit goals.

¹ In Accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

Malus Arrangement: The Company intends to implement Malus and Clawback Arrangements for all KMPs and SMPs. A Malus arrangement would result in the partial or complete cancellation of all deferred compensation, including STIP / vested or unvested long-term incentive (LTI), as on the date of discovery of the applicable trigger.

Clawback Arrangement: The provision of the Clawback arrangement would entail partial or full return/cancellation of the deferred compensation including the Long-Term Incentive (LTI) vested and settled or unsettled.

The malus/clawback clauses apply in the event of any of the below trigger events:

Illustrative list of conditions/incidents which would trigger a Malus or Clawback:

- a. The commission of fraud, misappropriation, misuse and misconduct
- b. Willful misrepresentation, embezzlement.
- c. Material financial restatement due to fraud.
- d. Reputational harm.
- e. Subdued or negative financial performance of the company in any year, attributable to willful neglect of employee(s).

However, any Error of judgment will not be construed to trigger Malus/Clawback.

4. Prior to implementing the Malus or Clawback provisions in any specific instance(s), the Nomination and Remuneration Committee (NRC) shall review the act of misconduct/incident to determine the degree of accountability attributable to a KMP/SMP. Before deciding to enforce Malus/Clawback provisions, the NRC will consider the environment, industry, and context of the incidents.
5. Prior to reaching a decision based on the above conditions/incidents, due process, including inquiries or investigations as needed, and adherence to natural justice principles, will be ensured.
6. The NRC will oversee the development, review, and implementation of the company's remuneration policy. The NRC may work closely with the company's Risk Management Committee (RMC) to ensure that compensation and risks are aligned. Furthermore, based on the Internal Capital Adequacy Assessment Process (ICAAP), the NRC may ensure that pay levels are supported by the need to retain the company's earnings as well as the need to maintain adequate capital.