

NIIF Infrastructure Finance Limited (NIIF IFL) –Remuneration policy for directors, key managerial personnel, senior management personnel and other employees

Policy Owner: Chief Executive Officer

Last reviewed: November 2019

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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 NIIF Infrastructure Finance Limited (“**NIIF IFL**” or “**the Company**”).

Categories of Employees covered under this policy:

- a) Directors which includes 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 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, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

***“Senior Management” (SMP)** includes officers or personnel of the Company who are members of the core management team of the Company excluding the Directors and normally comprising of all the members of management one level below the Chief Executive Officer/Managing Director/Whole-Time Director

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 relationship of remuneration to performance is clear and meets organization’s performance goals while creating shareholder value;
- d. Compensate Whole Time Directors adequately 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.

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 values and loyalty

B. Foster a culture of meritocracy

- i. Reward meritocracy, where differentiation is based on superior and consistent performance
- ii. Rewards 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 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. Fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience
- ii. Short term incentives in the form of annual incentive/bonus and long-term Incentives/equity based plan/deferred incentives ensure achievement of both short and long term company performance.

The remuneration shall be market competitive

2. Remuneration to Nominee Directors/ Independent Directors

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).

The remuneration of Independent Directors will be by way of sitting fees, subject to overall limit as prescribed in the Companies Act, 2013 & Rules made there, and any regulatory provisions applicable to the Company and/or its' business.

In addition to the Sitting Fees, Independent Directors(not appointed as an Nominee Director) 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.

D&O Policy

All Directors shall be covered under the Directors and Officers Liability Insurance (“**D&O**”) Policy.

Remuneration of SMP, KMP (including whole-time directors) and other employees

The key components of remuneration package of the KMPs, SMPs and other employees of the Company shall comprise of fixed salary, perquisites, allowances, retinals and variable pay in the form of annual performance bonus, and long-term performance bonus/equity based plans/deferred bonus as may applicable.

The remuneration, performance appraisal and rewards to KMPs, SMPs and other employees, shall be in line with the stated objectives.

The annual increments for the SMPs, KMPs and other employees shall be linked to their overall performance, performance of the Company and as decided by the CEO in consultation with their reporting managers, if any and Human Resources Department.

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.

3. 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.

4. Policy review

This Policy may be amended, modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and Rules made there under, RBI regulations/guidelines or any other law and any regulatory provisions applicable to the Company and/or its' business relating to employee/directors' compensation, issued from time to time.

Any such amendment shall be recommended by Nomination and Remuneration Committee (NRC) and approved by the Board of Directors.