

MONEDO FINANCIAL SERVICES PRIVATE LIMITED

REMUNERATION POLICY

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Preamble

Monedo Financial Services Private Limited is a Company registered under Companies Act, 2013 having registration with Reserve Bank of India as a Non-deposit taking Non-Banking Financial Company, currently in the Base layer in terms of Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based regulations) Directions 2023.

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”).

With its philosophy to achieve fast paced growth along with highest level of corporate governance, the Company aims to prioritize good governance and achieve sustainable growth driven by strong Board of Directors and qualified & suitable Senior Management personnel (SMP). The Policy lays down the criteria to appoint a person as a director or personnel in the senior management and lays down the principles to build capability by attracting the right talent, recognise performance and talent and be in sync with industry while managing overall manpower cost.

It also lays down provisions relating to remuneration payable to the Directors, Key Managerial Personnel, Senior Management and all the other employees of the company.

1. Objective of the Policy

The Objective of the Policy is to set out the guidelines to (i) to appoint a person as a director or personnel in the senior management (ii) establish a remuneration system driven by the strategic objectives of the company (ii) establish remuneration practices strengthened by the principles of meritocracy and fairness which is indicative of performance and performance benchmarks.

The standards so set shall be the guidelines for the Nomination and Remuneration Committee, Company’s management and Human Resources Department to follow in its recruitment and appraisal processes.

2. Scope of the Policy

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”), the policy is formulated to define the following:

- a. Criteria for determining qualifications, positive attributes and independence of director
- b. Criteria to identify a person to be appointed as a director or personnel in the senior management
- c. Level and composition of Remuneration payable to Directors, Key Managerial Personnel, Senior Management and other employees of the company
- d. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- e. Evaluation mechanism of the Board, Committees and directors

3. Criteria for determining qualifications, positive attributes and independence of director

The Nomination and Remuneration Committee shall identify persons who are qualified to be appointed as Independent Directors of the Company and recommend to the Board their appointment.

The company seeks guidance, insights and directions from the Independent Directors derived from their vast experience while having them on its Board. The integrity, experience, expertise and foresight of the Independent Directors stands as a great asset to the Company, besides the honour their association bestows upon the Company. The review of the business by the Independent Directors, their advice and expertise helps the Company in sound decision making. Hence the Committee while identifying a person for the position of may be guided the credentials such as the educational qualifications, experience and their expertise.

The Nomination and Remuneration Committee may be guided by the following criteria:

- a. the qualifications, expertise, experience and financial or business literacy skills requisite to the Company and the business/industry in which company operates.
- b. Person of eminence standing and knowledge with significant achievements in business, profession or public service
- c. Criterion for independence defined under the provisions of Company.
- d. For determining and recommending the terms of appointment in reference to the tenure, reappointment and others, the Committee shall be guided by the applicable provisions of the Company law.
- e. The appointment and the reappointment of all the independent directors shall be subject to the applicable provisions of the Company Law.

Remuneration

The sitting fees payable to the Independent Directors shall be within the limits laid out under with the Companies Act, 2013. The Remuneration / Compensation / Commission etc., if any, payable to the Independent Directors shall be recommended by the Nomination and Remuneration Committee to the Board for approval at the time of appointment.

4. Criteria for appointment as a director or a personnel in the senior management

The Nomination and Remuneration Committee of the Board shall identify persons who are qualified to be appointed as the Directors of the Company or SMP recommend their appointment and removal.

- a. The candidature identified for the position of Directors shall be recommended to the Board of Directors for appointment in terms of provisions of the Companies Act, 2013.
- b. The appointment of KMP (not being a Director) and SMP shall be made in accordance with the Human Resource guidelines of the Company, subject to necessary recommendation of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall be guided by the following criteria:

- a. The Person to be appointed as Director, Key Managerial Personnel (in accordance with the provisions of the Company Law) or a SMP should possess the qualifications, expertise, track record and experience requisite to the position he/she is considered for appointment. The Nomination and Remuneration Committee may be guided by their prudence to decide whether the qualification, expertise and experience possessed by a person is adequate for the concerned position to effectively discharge their duties and responsibilities.
- b. The Nomination and Remuneration Committee shall ascertain the integrity, the qualifications and the experience in the industry for the position of the Executive/Whole-time Directors/Key

Management Personnel and Personnel at Senior Management Level. These positions shall be on a full time basis devoting all the professional time of the Personnel to the Company.

- c. The tenure, appointment and the reappointment of all the positions shall be subject to the applicable provisions of the Company Law and to the Board approved Human Resources Policies of the Company.

Retirement/Removal

- d. Due to any reason for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Nomination and Remuneration committee may recommend, to the board with reasons recorded in writing, removal of a Director or Key Managerial Personnel/SMP subject to the provision and the compliances of the said Act, rules and regulations.
- e. The Whole-time Director, Key Managerial Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing Human Resource policies of the company. The Board will have the discretion to retain the Whole-time Director, Key Managerial Personnel and Senior Management Personnel in the same Position / Remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

Remuneration

- f. The Remuneration / Compensation / Commission etc., to the **Executive Directors** shall be determined by the Nomination and Remuneration Committee and recommended to the Board for approval at the time of appointment.

Documentation

- g. The Committee shall ensure 'fit and proper' status of the proposed/ existing directors of the Company upon a review of the necessary information in terms of the Master Direction- **Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023**. The Committee shall review and take on record the deeds and declarations received from all the Board Members of the Company.

5. Remuneration payable to directors, key managerial personnel and other employees

Principles of remuneration

- a. The remuneration system shall be based on the principles of meritocracy and fairness.
- b. The remuneration payable shall be based on the performance benchmarks of the respective position and industry standards.
- c. The remuneration fixed of all the employees across the organization shall be performance driven and should be as per industry standards and in accordance with the Board approved Human Resource Policies. The remuneration structure may or may not be consisting of fixed and incentive categorization.
- d. The remuneration and commission to be paid to the Executive Directors/Managing Director/Whole time Director shall be in accordance with the provisions of the Company Law and the rules made thereunder.
- e. The remuneration structure of the Directors, Key Managerial Personnel and Senior Management Personnel should strike a balance between fixed and incentive pay reflecting

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short and long-term performance objectives appropriate to the working of the company and its goals.

- f. The Nomination and Remuneration Committee while recommending the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable to attract, retain and motivate directors of the quality required to run the company successfully and is thus sufficient to justify the position and responsibility of the Directors.

Annual Review of the Remuneration

- g. The Nomination and Remuneration Committee shall annually review the remuneration payable to the Executive Directors/Whole Time Directors/Managing Director and recommend any revision thereof on the basis of financial conditions of the company and the performance of the respective director.
- h. The annual review of the remuneration payable to all the employees of the company including the Key Managerial Personnel and Personnel at the Senior Management level shall be based on the review of the performance against the benchmarks set for the respective position. The same shall be subject to the Board approved Human Resource Policies of the Company.

6. Evaluation mechanism of the board, committees and directors

The Nomination and Remuneration Committee shall be empowered to specify the manner for effective evaluation of performance of the Board, its Committees and the individual directors to be carried out. It shall lay down the manner for effective evaluation of performance of Board, its committees and individual directors, review its implementation and compliance.

7. Board report and Disclosure

The policy shall be placed on the website of the company and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

8. Policy review and approval

This policy read with applicable provisions of the Act constitutes the entire document in relation to its subject matter. The provisions of law shall prevail in the event of any amendments or requirements not incorporated in the policy. In case there are any changes in the law, the Company shall comply with the applicable amended provisions.

Amendment

Any change in the policy shall be approved by the Board of Directors of the Company. Any amendment to the applicable law shall prevail and necessary amendment shall be carried out at a subsequent date to the policy provisions.