

**NOMINATION AND REMUNERATION POLICY**

<b>Approving Authority</b>	<b>The Board of Directors of 360 ONE Prime Limited (“Company” and Formerly known as IIFL Wealth Prime Limited)</b>
<b>Approval Date</b>	<b>May 6, 2015</b>
<b>Last amended on</b>	<b>October 31, 2023</b>
<b>Effective Date</b>	<b>Amendment approved on October 31, 2023 is effective from October 31, 2023</b>

## **NOMINATION AND REMUNERATION POLICY ("Policy")**

### **I. OBJECTIVE:**

This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee ("**Committee**") and Board of Directors.

The objectives and purpose of this Policy are:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director of the Company;
2. To recommend to the Board, policy relating to the remuneration of the Directors, KMP, Senior Management and other employees; and
3. To set out the criteria for evaluation of performance of Directors, Board and the committees.

### **II. GUIDING ACT / REGULATIONS / RULES:**

- a. The Companies Act, 2013 and rules made thereunder read with the circulars and notifications issued thereunder (with amendments or enactments thereof) from time to time (hereinafter referred to as "**Act**" or "**Companies Act, 2013**");
- b. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the circulars and notifications issued thereunder (with amendments or enactments thereof) from time to time (hereinafter referred to as "**SEBI LODR**"); and
- c. The applicable provisions of the Companies Act, 2013 and SEBI LODR and all other laws, rules, regulations, circulars, notifications etc. are hereinafter collectively referred to as the "**Applicable Laws**".
- d. RBI Circular on Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022, as amended from time to time.

### **III. DEFINITIONS:**

1. "**Board**" means Board of Directors of the Company.
2. "**Key Managerial Personnel**" or "**KMP**" shall have the same meaning as defined under the Companies Act, 2013.
3. "**Senior Management**" shall have the same meaning as defined under the Applicable Laws.
4. "**Malus**" - Malus arrangement permits the NBFC to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
5. "**Clawback**" - A clawback is a contractual agreement between the employee and the NBFC in which the employee agrees to return previously paid or vested remuneration to the NBFC under certain circumstances.
6. "**Retention period**": A period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

All terms used in this Policy but not defined herein shall have the meaning assigned to such terms in the Companies Act, 2013 and / or SEBI LODR/ and /or RBI guidelines , as applicable. In case of any conflict between the applicable meanings assigned to such term under the Companies Act, 2013 and SEBI LODR, the term shall be interpreted in such manner that ensures compliance with both Companies Act, 2013 and SEBI LODR.

Unless the context otherwise requires, words in the singular include the plural and vice versa and any gender includes every gender.

#### **IV. ROLE OF COMMITTEE:**

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management of the Company.
- To recommend to the Board on policy on remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To perform such activities as may be prescribed under the Applicable Laws and/or by the Board from time to time.
- compensation levels will be 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).
- The NRC shall focus on achieving effective alignment between compensation and risk.

The Committee will work in close coordination with Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation and risks wherever feasible the NRC may have at least one member common of the Risk Management Committee to ensure close co-ordination between the two committees.

#### **V. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

The Committee shall recommend the appointment / re-appointment of the Directors, KMP and Senior Management of the Company to the Board, basis the criteria specified hereunder for upto such term as may be permissible under the Applicable Laws.

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

###### **a) Criteria for appointment of Director, KMP or Senior Management of the Company**

- (i) A person being appointed as a Director, KMP or in Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
- (ii) The Committee shall ensure that appointment of Directors is in line with the Board Diversity Policy of the Company, which is available on website of the Company.

###### **b) Independent Director:**

###### **(i) Qualifications of Independent Director:**

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

(ii) Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

**c) Key Managerial Personnel and Senior Management:**

- (i) The Committee shall recommend the appointment of KMP and Senior Management of the Company to the Board for its approval.
- (ii) In case of appointment of Chief Financial Officer of the Company, Audit Committee should also recommend the said appointment to the Board for its approval.
- (iii) In case of appointment of Managing Director / Whole-Time Director of the Company, the Committee shall recommend the said appointment to the Board subject to approval of shareholders of the Company, as may be required under the Applicable Laws.

**2. Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other Applicable Laws, 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 / Applicable Laws.

**3. 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.

**VI. REMUNERATION:**

**A. Directors:**

**a. Executive Directors (Managing Director, Manager or Whole-Time Director):**

- (i) At the time of appointment or re-appointment and during their tenure, the Executive Directors shall be paid such remuneration as may be recommended by the Committee to the Board for its approval within the overall limits prescribed under the Companies Act, 2013 and SEBI LODR and approved by the shareholders of the Company from time to time.
- (ii) The remuneration shall be subject to the approval of the members of the Company as per the requirement of the Applicable Laws.

- (iii) The remuneration of the Manager/ Chief Executive Officer / Managing Director/ Whole-Time Director is broadly divided into fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:
- the relationship of remuneration and performance benchmark;
  - balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - responsibility required to be shouldered, the industry benchmarks and the current trends;
  - the Company's performance vis-à-vis the annual budget achievement and individual performance.
  - At higher levels of responsibility, the proportion of variable pay needs to be higher.
  - Align effectively with prudent risk taking to ensure compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes
  - performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism
  - Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks.

Guaranteed bonus may be paid to new hiring joining/sign-on bonus. Such bonus will neither be considered part of fixed pay nor of variable pay.

The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year.

A representative set of situations would be identified by the Committee / Board of Directors, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay. While setting criteria for the application of malus and clawback, Committee / Board will also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods. The committee also reserves the right to include any additional conditions which may trigger Malus/Clawback provisions over and above those defined herein

**b. Non-Executive Director:**

- (i) The Non-Executive Independent Director may receive fees for attending meeting of Board or committee(s) thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or committee or such amount as may be prescribed under the Applicable laws.
- (ii) A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee.
- (iii) The Committee may recommend to the Board, the payment of commission, to reinforce the principles of collective responsibility of the Board.
- (iv) In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

- (v) The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013 and SEBI LODR and approved by the shareholders of the Company from time to time.
- (vi) The commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

**B. KMP & Senior Managerial Personnel of the Company:**

The remuneration to the KMP and Senior Management Personnel will be approved by the Board on the recommendation of the Committee, based on following guidelines:

- a. Maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- b. Remuneration should be reasonable and sufficient to attract, retain and motivate KMP and Senior Management;
- c. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the Company;
- d. Remuneration shall be also considered in form of long term incentive plans for key employees, based on their contribution, position and length of service, in the nature of ESOPS/ESPS etc.
- e. At higher levels of responsibility, the proportion of variable pay needs to be higher.
- f. Align effectively with prudent risk taking to ensure compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes
- g. performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism
- h. Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks.

Guaranteed bonus may be paid to new hiring joining/sign-on bonus. Such bonus will neither be considered part of fixed pay nor of variable pay.

The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year.

A representative set of situations would be identified by the Committee / Board of Directors, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay. While setting criteria for the application of malus and clawback, Committee / Board will also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods.

The committee also reserves the right to include any additional conditions which may trigger Malus/Clawback provisions over and above those defined herein

KMPs and senior management engaged in financial control, risk management, compliance and internal audit would be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the company.

### **C. Other employees:**

The Remuneration for other employees would be as per compensation structures and policies as may be determined and reviewed by the Company from time to time, with an objective of attracting, retaining and motivating them with appropriate balance of fixed and performance linked pay.

### **VII. EVALUATION:**

The Committee shall carry out evaluation of performance of Board, its committees and the Directors at regular interval (yearly) as per the Applicable Laws under the guidance of the Chairperson of the Committee. The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole, if applicable.

### **VIII. OTHER DETAILS:**

#### **Membership**

The composition of the Committee shall be in accordance with the Applicable Laws and as approved by the Board from time to time. The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

#### **Frequency of Meetings**

The meeting of the Committee shall be held at such regular intervals as may be required. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee. In absence of Company Secretary, the Committee may designate any other officials or any of the members of the Committee who shall act a Secretary of the Committee.

### **IX. AMENDMENTS TO THE POLICY**

The Board shall review and amend this Policy as and when required as per the Applicable Laws and/or upon recommendation of the Committee.

Any subsequent amendment / modification in the Applicable Laws in this regard, shall prevail over the Policy and automatically apply to this Policy and the Policy shall stand amended to that extent.