

Remuneration Policy for the Directors, Key Managerial Personnel, and other Employees

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A. PREAMBLE:

The Remuneration Policy **for the Directors, Key Managerial Personnel, and other Employees** (the “Policy”) of ESG Risk Assessments & Insights Limited (the “Company”) is designed to attract, motivate and retain quality individuals with requisite knowledge and excellence in a competitive employment market in keeping with the requirements of the Companies Act, 2013 and of the SEBI Credit Rating Agencies Regulations.

B. OBJECTIVES OF THE POLICY:

The primary objectives of this Policy are as under:

1. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel's (KMP's) and other employees;
2. To lay down the remuneration principles for employees, linked to their effort, performance and achievement, relating to the Company's goals.

C. DEFINITIONS:

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Directors**” mean Directors of the Company.

“Nomination and Remuneration Committee”, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted or reconstituted in accordance with the provisions of Section 178 of the Act.

“Key Managerial Personnel” (KMP) means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary;
- iv. Chief Ratings 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 such other officer as may be prescribed.

**Chief Ratings Officer is a KMP only for the purpose of SEBI (Credit Rating Agencies) Regulations, 1999. Chief Ratings Officer shall not be deemed to be a KMP in terms of the provisions of Companies Act, 2013.*

D. ROLE & RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE (COMMITTEE/NRC):

1. Periodically review of the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company and its shareholders;
2. Formulation of the criteria for determining qualifications, attributes and independence of a Director and recommending candidates to the Board of Directors;
3. Review and recommend to the Board, the remuneration of the Managing Director, Whole-time Directors, Manager, Directors, KMPs, any other employee as required by the Board, as well as, the remuneration policies applicable for employees.

E. POLICY RELATING TO REMUNERATION OF DIRECTORS, KMPs, AND OTHER EMPLOYEES OF THE COMPANY:

1. Remuneration to Non - Executive / Independent Director:

The Non - Executive Director / Independent Director may receive remuneration / commission as per the provisions of the Companies Act, 2013 and the Rules made thereunder. The amount of sitting fees shall be subject to ceilings / limits as provided under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being

in force. They are also entitled to reimbursement of expenses for participation in meetings of the Board or Committees thereof.

2. Remuneration of Managing Director (MD) / Whole-time Director (WTD) / Executive Director (ED), KMPs & Other Employees:

- a) The MD/WTD/ED is appointed by the Board subject to approval of the shareholders and their remuneration is subject to recommendation by the Nomination and Remuneration Committee / Board and approval of the shareholders and Central Government, whenever required.
- b) The remuneration paid to MD/WTD/ED shall be within the limits approved by the shareholders of the Company, which includes fixed salary, perquisites, variable pay, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Act and the Rules made thereunder.
- c) Their annual increments shall be linked to their overall performance and decided by the Board on the recommendations of the Nomination and Remuneration Committee, from time to time.
- d) They may also be eligible for stock options as per the scheme framed / to be framed by the Company from time to time.
- e) Minimum Remuneration:
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD/WTD/ED in accordance with the provisions of Schedule V of the Act.
- f) Provisions for excess remuneration:
If any MD/WTD/ED draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it.
- g) The remuneration and reward structure for Managing Director/Manager, Whole-time Directors, KMPs and other employees will comprise of two broad components – annual remuneration and long-term rewards. The annual remuneration, comprising a fixed component and a performance-linked variable component based on achievement of the individual's objectives and business performance, will ensure that employees are rewarded for professional services rendered in line with the level of expertise and

skill required, as well as, to provide an incentive to pursue the goals and interests of the Company.

- h) Long-term award schemes may include Long Term Incentive Plans (LTIP)/stock options of the Company. Eligibility to such schemes would be determined by the Nomination and Remuneration Committee based on the criticality, past performance and future potential of employees.

F. DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O):

Where any D&O insurance is taken by the Company on behalf of its Directors, MD/WTD/ED/CEO, KMPs and any other employees 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. Provided that if any such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

G. DISCLOSURES IN THE BOARD'S REPORT:

The disclosures as required under the relevant provisions of the Act and the rules made there under shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.

H. REVIEW AND AMENDMENT:

1. The Nomination and Remuneration Committee may review the Policy as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for approval.
2. Any subsequent amendment/modification in the Companies Act, 2013, and/or other applicable laws in this regard shall automatically apply to this Policy.
3. In case of any amendment(s), clarification(s), circular(s), notification(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), notification(s) etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), notification(s) etc.