



Ladderup

Engineering Growth

For	Ladderup Finance Limited
Content	Nomination and Remuneration Policy
Classification	Internal
Version	2.0
Applicability	Applicable with effect from 18 th July, 2020

Introduction:

In terms of Section 178 of the Companies Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management of Ladderup Finance Limited has been formulated by the Nomination & Remuneration Committee and approved by the Board of Directors.

This policy shall act as guidelines on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

A. PURPOSE

The purpose of the Nomination and Remuneration Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Ladderup Finance Limited ("**Ladderup**" or "**the Company**") shall be to:

- a) Assist the Board in discharging its responsibilities relating to compensation of the Company's Directors, Key Managerial Personnel (KMP) and Senior Management;
- b) Evaluate and approve the adequacy of the compensation plans, policies, programs and succession plans for Company's Executive Directors, KMP and Senior Management (including identifying persons to be appointed to positions of KMP and Senior Management in accordance with identified criteria and to recommend to the Board their appointment and removal);
- c) Formulate the criteria for determining qualifications, positive attributes and independence of a director and for performance evaluation of directors on the Board;
- d) Oversee the Company's nomination process for the KMP and Senior Management and identify, screen and review individuals qualified to serve as Directors, KMP and Senior Management consistent with criteria approved by the Board;
- e) Recommend appointment and removal of Directors, for approval at the annual meeting of shareholders;
- f) Carry out evaluation of the performance of the Board and review the evaluation's implementation and compliance;
- g) Leadership development;
- h) Develop and maintain corporate governance policies applicable to the Company;
- i) Devise a policy on Board diversity.

The purpose and responsibilities of the committee shall include such other items as may be prescribed by applicable law or by the Board in compliance with applicable law from time to time.

B. CONSTITUTION OF THE “NOMINATION AND REMUNERATION COMMITTEE”

The Board of Directors has the power to constitute/re-constitute the Committee from time to time in order to make it consistent with the company’s policies and applicable statutory requirements. The Composition of Committee shall be in line with the requirements of the Act and Listing Regulations.

The Company Secretary of the Company shall act as the Secretary of the Committee.

The Committee shall consist of no fewer than three directors, all of whom shall be non-executive directors and at least half of whom shall be independent directors. Membership of the Committee shall be disclosed in the Annual Report. The terms of the Committee shall be continue unless terminated by the Board of Directors. The members of the Committee shall meet the independence requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The members of the Committee will be appointed by the Board and may be removed by the Board in its discretion. The Board shall designate a member of the Committee as the Chairperson, provided that such Chairperson shall be an independent director. The Chairperson of the Board, (whether executive or non- executive) shall not chair the Committee, but can be a member of the Committee. The Chairperson of the Committee, or in his/her absence, any other member of the committee authorized by the Chairperson of the committee, shall attend general meetings of the Company.

C. RESPONSIBILITIES

The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board prescribes from time-to-time.

(a) Compensation Policy

- i. To review and recommend to the Board, the corporate goals and objectives applicable to the Whole-time Directors including Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”), evaluate at least annually their performance in light of those goals and objectives, and determine and approve their (a) annual base salary, (b) annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreement, severance arrangements, and change in control agreements / provisions, and (e) any other benefits, compensation or arrangements, based on their evaluation;
- ii. To review and recommend to the Board for KMP and Senior Management, their (a) annual base salary, (b) annual incentive bonus, (c) equity compensation, (d) employment agreements, severance arrangements and (e) any other benefits, compensation or arrangements;

- iii. To review the Company's incentive compensation and equity based plans and recommend changes as necessary, oversee administration of these plans, grant incentives to eligible employees, in consultation with management, and allot shares/ADRs when options are exercised;
- iv. To make recommendations to the Board with respect to incentive compensation plans. The committee may review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation and evaluate compensation policies and practices that could mitigate any such risk; and
- v. To recommend to the Board a policy relating to the remuneration of Directors, KMP, Senior Management and other employees titled the 'Nomination and Remuneration Policy'.

(b) Nomination of Directors

- I. To formulate the criteria to determine the qualifications, qualities, skills, positive attributes, independence and other expertise required to be a Director of the Company and to develop, and recommend to the Board for its approval, criteria to be considered in selecting director(s) (the "**Director Criteria**").
- II. To identify (including through recruitment agencies), screen and review candidates qualified to be appointed as executive directors, non-executive directors and independent directors, consistent with Director Criteria (including evaluation of incumbent Directors for potential re-nomination), and making recommendations to the Board on candidates for: (i) nomination for election or re-election by the shareholders; and (ii) any Board vacancies that are to be filled by the Board. The Committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board. The Committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for the nomination to the Board.
- III. To review annually, the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairpersons.
- IV. To perform a consultative role for any appointment requiring Board approval, as stipulated by law or regulation. The Committee provides its advice and recommendations to the Board.
- V. To develop and recommend to the Board a succession plan (the "**Succession Plan**") for the Directors, KMP and senior management, to review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.

(c) Performance Evaluation and Leadership Development

- I. To develop, subject to approval by the Board, a process for an annual self-evaluation of the performance of the Board, the individual directors and board committees in the governance of the Company and to coordinate and oversee this annual self-evaluation.
- II. To formulate a criterion for evaluation of Independent Directors and the Board and carry out evaluation of every Director's performance.
- III. To review the performance of all the executive Directors, on the basis of detailed performance parameters set for each of the executive Directors at the beginning of the year. The Committee may, from time-to-time, also evaluate the usefulness of such performance parameters and make necessary amendments.
- IV. To annually review its own performance and present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.
- V. To maintain regular contact with the leadership of the Company. This should include interaction with the Company's Leadership Institute, review of data from the employee survey and regular review of the results of the annual leadership evaluation process.

(d) Other responsibilities

- I. To develop and recommend to the Board a set of corporate governance guidelines applicable to the Company.
- II. To oversee the Company's corporate governance practices, including reviewing the Company's corporate governance guidelines periodically and recommending amendments to the Board as necessary.
- III. To monitor compliance with the Company's corporate governance guidelines.
- IV. To develop and recommend a policy on Board diversity.
- V. To review and reassess the adequacy of the committee's charter as required and recommend changes to the Board.

(e) Specific powers

- I. The Committee may conduct or authorize studies of matters within the Committee's scope of responsibility with full access to all books, records, facilities and personnel of the Company.
- II. The Committee may form sub-committees for any purpose that the Committee deems appropriate and may delegate to such sub-committees such power and authority as the Committee deems appropriate. If designated, each such sub-committee will establish its own schedule and maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee shall not delegate to a sub-committee any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.

(f) Advisors

- I. The Committee shall have the sole authority to select, retain and terminate the services of any compensation consultant to be used to assist in the evaluation of compensation for the CEO, the consultant's fees and other retention terms and oversee the consultant's work. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall set the compensation, and oversee the work, of its external legal counsel, accountants and other advisors with respect to compensation matters. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its consultants, external legal counsel and any other advisors with respect to compensation matters.
- II. The committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.
- III. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.

This provision requires Ladderup Finance Limited to disclose whether any conflict of interest has been raised by the work of any compensation consultant, as well as the nature of the conflict and how the conflict is being addressed.

(g) Meetings and Reports

- I. The Committee shall meet at least once a year at such times and places as it deems necessary to fulfill its responsibilities.
- II. The Committee is governed by the rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as mandated by applicable laws.
- III. The Committee shall make regular reports to the Board regarding its actions and make recommendations to the Board as appropriate.
- IV. The Committee shall prepare such reports as may be required by any law, rule or regulation to which the Company is subject.
- V. The Committee may invite such members of management to its meetings as it deems appropriate.

However, the committee shall meet regularly without such members present, and the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

(h) Compensation

Members of the Committee shall receive such fees, if any, for their services as Committee members as may be determined by the Board.

D) CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

The criteria of making payment to Non-Executive Directors and Independent Directors of the Company are as follows:

1. Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.
2. Independent Directors ("ID") and Non-Independent Non- Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
3. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
4. Overall remuneration practices should be consistent with recognised best practices.
5. The aggregate commission payable to all the NED's and ID's will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
6. The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

D) AMENDMENTS TO THE NOMINATION AND REMUNERATION POLICY

The Board on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this policy, as deemed fit from time to time.