## Remuneration of Directors and Key Management Personnel

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<tr>
<th>Approving Authority</th>
<th>Board of Directors</th>
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1. Introduction

CreditAccess Grameen Limited (Company) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, regulators, market and other stakeholders. The Company’s activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. This policy seeks to document the practices and procedures to be followed by the Company in adopting the remuneration payable to Directors and Key Management Personnel (KMP).

The policy shall ensure that the Company has laid down principles for fixing the remuneration/compensation to attract and retain the best suitable talent on the Board and Senior Management of the Company as per the criteria formulated by the Nomination and Remuneration Committee of the Board under the requirement of the Companies Act, 2013 read with applicable Rules and Regulations under the Act and Securities and Exchange Board of India (SEBI) Notification Listing Obligations and Disclosure Requirements) Regulations, 2015

2. Definitions

a. **Board:** Means the Board of Directors of CreditAccess Grameen Limited.

b. **Key Managerial Personnel:** Means Key Managerial Personnel as defined under the Companies Act 2013, viz.
   
   i) The Managing Director or the Chief Executive Officer or in their absence, a whole-time director

   ii) The Chief Financial Officer and,

   iii) The Company Secretary

   iv) Any other person as may be nominated by the Board of Directors and provided with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise)

c. **Senior Management:** Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads

d. **Nomination and Remuneration Committee (NRC):** Means a committee of the Board of Directors of the Company constituted under the Provisions of the Companies Act, 2013

3. Principles

a. To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Board of Directors and KMP of the quality required to run the Company successfully.
b. To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
c. To ensure that remuneration to Board of Directors and KMP involves a balance between fixed pay, variable pay and long term benefits like ESOPs reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
d. Compensate Board of Directors and KMP 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.
e. Aligning remuneration of Board of Directors and KMP with the long-term interests of the Company and its shareholders.

4. Objectives

The key objectives of this policy are as under:

a. Ensure compliance with applicable laws, rules and regulations.
b. Retain, motivate and promote talent and to ensure long term sustainability of talented KMP and Board of Directors
c. Establish standards on compensation/remuneration including fixed and variable pay which are in alignment with the applicable rules and regulations and is based on the practices of remuneration prevailing in the industry.
d. Define internal guidelines for payment of perquisites to the Board of Directors and KMP

5. Applicability

All existing and any new appointments made in the Board of Directors and KMP will be covered under this policy.

The policy shall be applicable to the following:

a. Board of Directors
b. Key Managerial Personnel
c. Senior Management
d. Other Employees as may be specified by the Board or Remuneration Committee from time to time.

6. Remuneration

The Nomination and Remuneration Committee (NRC) of the Company shall evaluate the performance of the Board of Directors including Independent Directors and recommend to the Board all fees, compensation/remuneration including fixed and variable and perquisites including long term benefits like ESOPs. The Committee Members shall recommend to the Board of Directors all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting. The NRC shall ensure the following:
A. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
B. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
C. Remuneration to Board of Directors, key managerial personnel and senior management involves a balance between fixed and variable pay as well as long term benefits, reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The Company shall obtain prior approval from the Board of Directors, duly recommended by the NRC on the remuneration paid to the Managing or whole-time Director, KMP or Chief Executive Officer.

The Company shall obtain necessary regulatory approvals from Reserve Bank of India for grant/modification of remuneration to the Managing Director & Chief Executive Officer or Whole-Time Directors (Reference Section 35B of Companying Regulation Act of 1949).

6. a. Remuneration to the Board of Director/ Managing Director

The Remuneration/ Compensation/ Commission etc. to be paid to the Board of Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Company shall effectively align its compensation to Business Achievement, the risk parameters and ethics of the Company.

The Company shall not give loans and advances to an entity (company, firm, individual) in which the Director is associated either as a director, partner, manager, guarantor, etc.

6. b. Remuneration to Independent Director

Independent Director shall not be an employee of the Company and such association shall not constitute a contract of employment. The Company shall pay the Independent Director remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time. Further, an Independent Director shall not be paid remuneration by way of commission, nor shall be entitled for any Stock Options, under Employee Stock Option Plans (ESOPs).

The Company shall pay sitting fees to the non-executive directors and reimburse their expenses for participation in the Board and other meetings, subject to compliance with the provisions of the Companies Act, 2013.

The Company, with the approval of shareholders may decide the sitting fees payable to such category of directors and should disclose it in its Directors’ Remuneration Report forming part of the Annual Report of the Company.

7. Reporting Requirement
The Company shall disseminate the information on the “Nomination and Remuneration Policy” on its website and the Board’s report.

8. Disclosures relating to Remuneration

8 a. Reporting to the Nomination and Remuneration Committee

The following matters shall be reported to the Nomination and Remuneration Committee:

a. Annual remuneration proposed for Directors, Key Managerial Personnel and senior management.
b. Employee benefit plans including deferred benefit plans and retirement plans, if any.

8 b. Reporting in the Annual Report

The Company shall make qualitative and quantitative disclosures in the Annual Financial Statements. In addition to these disclosures the Company shall also disclose the following information.

a. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company shall be disclosed in the annual report
b. Criteria of making any payments to Non – executive directors
c. All elements of remuneration package of individual directors, including severance pay if any.

8 c. Other Disclosure

Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the Company in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director.

The senior management of the Company shall make disclosures to the Board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

9. Policy Review and Updates

The Board approved policy shall be reviewed as and when required or at least annually for incorporating regulatory updates and changes, if any.