

Nomination and Remuneration Policy & Charter of Nomination and Remuneration Committee

Sr. No.	Effective	Approved by	Date
1	1.0	Board of Directors	September 22, 2020
2	2.0	Board of Directors	July 14, 2023

1. Introduction:

Crisil Ratings Limited (the Company) considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated to harmonise the aspirations of human resources consistent with the goals of the Company in keeping with the requirements Companies Act, 2013 and of the SEBI Credit Rating Agency Regulations. The Policy also takes into account the broader governance principles espoused under companies law and similar legislations.

2. Objective and purpose of the Policy:

The objectives and purpose of this policy are:

- 2.1 To formulate the criteria for determining qualifications, competencies, 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;
- 2.2 To formulate the criteria for evaluation of performance of all the Directors on the Board;
- 2.3 To lay out remuneration principles for employees, linked to their effort, performance and achievement, relating to the Company's goals.

3. Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of the Board will exercise powers envisaged under this Policy. The Board has authority to reconstitute this Committee from time to time.

Definitions: -

- "Board" means Board of Directors of the Company.
- "Directors" means Directors of the Company.
- "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- "Company" means Crisil Ratings Limited.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and rules.
- "Key Managerial Personnel" (KMP) means -
 - i) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
 - ii) the Company Secretary; and
 - iii) the Chief Financial Officer
 - iv) 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]
 - v) Chief Ratings Officer*
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.*

This Policy is divided in three parts: -
Part – A covers the Charter of the Committee;
Part – B covers the appointment and nomination; and
Part – C covers remuneration

PART – A **Charter of the Nomination and Remuneration Committee**

The following matters shall be dealt by the Committee:-

(a) Size and composition of the Board:

Periodically reviewing 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, as a whole;

(b) Directors:

Formulate the criteria for determining qualifications, attributes and independence of a Director and recommending candidates to the Board;

(d) Evaluation of Performance:

Make recommendations to the Board on the approach for Board performance evaluation, training and education.

(e) Remuneration framework and policies:

Review and recommend to the Board, the remuneration of the Managing Director, Whole-time Directors, Directors, KMPs, Independent Members of Ratings Appeal Committees, as well as, the remuneration policies applicable for employees.

Part – B

Policy for Appointment And Removal

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the persons for appointment as Director, KMP or Independent Member of Ratings Appeal Committees and recommend to the Board his/her appointment, where applicable.
2. A person to be appointed as Director, KMP or a Member of Ratings Appeal Committees should in the opinion of the Committee be a person of integrity and possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
3. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of sixty years. Provided that the term of the person holding this position may be extended beyond the age of sixty years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years.
4. In respect of continuation of appointment of a Non-Executive Director who has attained the age of 75 years, specific shareholders' approval shall be sought.

5. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

Term / Tenure:

1. Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Managing Director or CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Whole-time Directors and KMPs shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors and KMPs in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to Part B above, where applicable.

Part – C

Policy Relating to the Remuneration

1. Remuneration to Managing Director, Whole-time Directors, KMPs and other Employees:

The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.

The policy on remuneration for Managing Director, Whole-time Directors, KMPs and other employees will comprise 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.

The Company could implement various long term awards schemes that could include Long Term Incentive Programme (LTIP) or equity awards / stock options issued by the Company or its holding company, Crisil Limited. Eligibility to such Schemes would be determined by the Committee based on criteria such as criticality, past performance and potential of employees.

The design of the remuneration framework is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level can be reset annually or at a periodicity as decided by the Committee, based on a comparison with the relevant peer group in the Indian market, established through an independent compensation surveys from time to time.

2. Minimum Remuneration to Managing Director/ Whole – time Directors:

The remuneration, increments and commission to be paid to the Managing Director or Whole-time Directors shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder, where applicable, including shareholder approval.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

3. Short Term Loans:

The Company shall provide interest-free short-term loans to the KMPs and employees of the Company, repayment for which is deducted from the monthly salary of the concerned employee in twelve equated monthly instalments.

4. Insurance:

Insurance premium for indemnifying employees against any liability, shall not be treated as part of the remuneration payable to any such person.

Remuneration to Non- Executive / Independent Directors:

1. Commission:

The commission payable to each Non-Executive Director will be as determined by the Board annually, and as revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

The overall Commission to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

2. Sitting Fees:

The Non- Executive Directors (including Independent Directors) will receive remuneration by way of fees for attending meetings of Board or Committee thereof, as decided by the Committee from time to time subject to the limit defined under the Companies Act, 2013 and rules made thereunder.

3. Stock Options:

The Independent Directors shall not be entitled to any stock options.

4. Reimbursement

Reimbursement of expenses for participation in Board/Committee meetings

5. Independent Members of Ratings Appeal Committees:

Remuneration of Independent Members of Ratings Appeal Committees will be reviewed and recommended by the Committee in keeping with the principles laid out in this Policy.

Policy Review:

This policy shall be reviewed by the Nomination and Remuneration Committee 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 given for approval of the Board of Directors.

This updated Policy will be effective from July 14, 2023.

About Crisil

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It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

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