

EXPLEO SOLUTIONS LIMITED

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR EMPLOYEES

BACKGROUND

Expleo Solutions Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

Definitions:

- (a) "Board" means Board of Directors of the Company
- (b) "Directors" means Directors of the Company.
- (c) "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- (d) "Company" means Expleo Solutions Limited.
- (e) "Independent Directors" means a director referred to in Section 149 (6) of the Companies Act, 2013, who is appointed on the Board of Expleo Solutions Limited.
- (f) "Key Managerial Personnel" (KMP) means-
 - (i) Chief Executive Officer / Managing Director / or the Manager
 - (ii) Company Secretary;
 - (iii) Chief Financial Officer;
 - (iv) Whole-Time Director;
 - (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
 - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations.
- (g) "Senior management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads (as defined below), by whatever name called and the Company Secretary and the Chief Financial Officer.

“Functional Head” here shall mean one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager) or such other officers as may be recommended, considered and approved by the Nomination and Remuneration Committee and Board from time to time.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

BRIEF OVERVIEW UNDER COMPANIES ACT, 2013

{Section 178 & Companies [Meetings of Board and its Powers] Rules, 2014}

- Constitution of the Nomination and Remuneration Committee (NRC) consisting of three or more Non-Executive Directors out of which not less than one-half shall be Independent Directors.
- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committee and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—
 - 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;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

BRIEF OVERVIEW OF THE REGULATION 19 READ WITH PART D OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

IV. Nomination and Remuneration Committee

- A. The Company shall set up a Nomination and Remuneration Committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least two-thirds of the Directors shall be independent. Chairman of the committee shall be an independent director.

B. The role of the Committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required for an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying the suitable candidates, the Committee may
 - a) Use the services of an external agencies, if required.
 - b) Consider candidates from a wide range of backgrounds, having due regard to diversity and
 - c) Consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

The policy warrants that the Nomination and Remuneration Committee decides the remuneration and the terms of reference of Nomination and Remuneration Committee includes:

- To review the Company's remuneration policy on specific remuneration packages to Executive Directors including pension rights and any compensation payment while striking a balance with the interest of the Company and the shareholders.
- To approve the Annual Remuneration Plan of the Company.
- To formulate the Employees Stock Option Scheme in accordance with the relevant regulations/guidelines for the time being in force and recommend the same to the Board for its consideration and Administration of ESOP Scheme as stipulated under SEBI (Share Based Employee Benefits) Regulations, 2014.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board.

- Devising a policy on the Board diversity.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

CRITERIA FOR DETERMINING THE FOLLOWING:-

Qualifications for appointment of Directors (including Independent Directors):

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills, including inter alia , their competencies in understanding of business strategies, management and control of business operations and leadership qualities.
- Their software industry experience.
- Appropriate other qualification/experience to meet the objectives of the Company.
- As per the applicable provisions of Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

Positive attributes of Directors (including Independent Directors):

The Nomination and Remuneration Committee can find ways to assess whether the following attributes have been visible and influential in the performance of the relevant group:

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the software testing and information and communication technology industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- Ability to mentor senior management.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

Criteria for appointment of KMP/Senior Management:

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities, as determined by the Nomination and Remuneration committee from time to time.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- To adhere strictly to code of conduct.

POLICY RELATING TO REMUNERATION OF WHOLE TIME DIRECTORS

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, 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 and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

POLICY RELATING TO REMUNERATION OF NON-EXECUTIVE / INDEPENDENT DIRECTORS

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - i. The Services are rendered by such Director in his capacity as the professional; and
 - ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- e) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors (other than Independent Directors).

POLICY RELATING TO REMUNERATION OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

REVIEW

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.