

NOMINATION AND REMUNERATION POLICY

Purpose

Human Resources are the priceless assets of the Company. The Policy sets out nomination procedures for selecting the candidates for Directors, Key Managerial Personnel (KMP) and other Departmental Heads and officials of the organization and determination of remuneration payable to them. The Nomination and Remuneration Committee of UAE Exchange and Financial Services Limited has the primary function to assist the Board in carrying out its responsibilities by reviewing the nomination issues and making appropriate recommendations to the Board regarding appointment and payment of remuneration respectively. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013.

Composition

The Nomination and Remuneration Committee (NRC) shall consist of minimum 3 directors out of which one shall be Independent Director, as appointed by the Board. The Committee would report to the Board. A majority of the members of the Committee or two members, whichever is less, shall form the requisite quorum for the transaction of business of the Committee. The Company Secretary of the Company shall act as the Secretary to the Committee.

Policy

The policy formulates the criteria for determining qualifications, competencies, positive attributes and independence, if required, for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees linked to their effort, performance and achievement. The policy also addresses Committee member qualifications, appointment and removal, structure and operations as well as reporting to the Board.

The NRC shall be responsible for all elements of the remuneration of the executive directors and the chairman of the Company, including pension rights and compensation (i.e. damages) payments. NRC should also recommend and monitor the level and structure of remuneration for the senior management of the Company and the group. The RC review, at least annually, the performance of Directors / KMP / Departmental Heads and officials and discusses and decides on remuneration of new candidates as well as bonus, incentive and equity compensation for the following year, taking into account Company performance, responsibilities undertaken and any other factors the Committee considers relevant for the decision making. The RC further reviews and make recommendations to the Board concerning Incentive compensation plans including bonus and equity-based plans, employment agreements, severance / retirement agreements etc.

Specific Responsibilities of NRC

1. To review the structure of the Board periodically and to recommend suitable candidates for the nominations of Directors / KMP/ Departmental Heads and other officials.
2. To meet as and when required to decide upon the qualifications, positive attributes and Independence of a director before appointment as recommend the same to the Board.
3. Consider the competencies and skills the people should possess and criteria for selection.
4. Develop and recommend a succession plan to the Board that is responsive to the needs of the Company and its shareholders.
5. Consider suggestions from the directors with respect to Committee membership, recommend to the Board, the assignment of members of each committee of the Board and, in consultation with the respective committees, recommend the director who should be chair of each committee of the Board.
6. Ensure that sufficient mechanisms are in place for evaluating the performance of the committees and reporting these evaluations as appropriate.
7. Monitor compliance with any rules, regulations or guidelines promulgated by regulatory authorities or other organizations, deemed relevant to the Committee.
8. Review the relationship between executive management and the Board and make recommendations when deemed appropriate.
9. Ensure that the Company establishes and maintains suitable orientation and education programs.
10. To determine the policy for the remuneration (including benefits, pension arrangements and termination payments) for the Directors / KMP / Departmental Heads and officials of the Company.
11. To determine the Company's policy on the duration of contracts with executive directors, notice periods, changes in terms and termination payments under executive directors' contracts, with a view to ensure that any termination payments are fair to the individual and the Company.
12. Advise on and determine all performance-related schemes operated by the Company, the methods for assessing whether performance conditions are met.
13. In conjunction with the Board, to draft and approve the annual remuneration disclosures to form part of the Annual Report and ensure that all provisions regarding disclosure of remuneration are fulfilled.
14. At least once a year to review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval
15. Perform such other duties and responsibilities, as may be delegated to the Committee by the Board.

Appointment / Removal of Directors / KMP / Senior Management

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person in light of the sectors / areas relevant to the Company, for appointment as Director, KMP or senior management level and

recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

2. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director / Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy 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 Seventy years as the case may be.
3. 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.
4. The Company may appoint or re-appoint any person as its Managing Director 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.
5. 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 by the Company and disclosure of such appointment in the Board's report.
6. 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.
7. 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.
8. The Whole-time Directors, KMP and senior management personnel 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, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

Remuneration to Directors / KMP / Managerial Personnel

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
3. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary 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 such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

4. Remuneration to the KMP and other Senior Management employees comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. The performance-linked variable pay will be directly linked to the performance on individual components of the performance contract and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.
5. The Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
6. Independent Directors would be eligible to receive Sitting fees and reimbursement of expenses incurred by them in attending the periodical meetings of the Company, as may be recommended by the NRC and fixed by the Board from time to time.

Meetings and Minutes of NRC

Meetings shall normally be held at such times as the Committee may deem fit taking into consideration the terms of reference of NRC, appointments of senior management personnel, recommendations to the Board that may be needed from time to time etc. The Secretary shall keep a record of the minutes and proceedings of the meetings conducted from time to time.

Review, Revision and Reporting

The committees review the policy and recommend changes, if necessary to the Board which will thereafter approve the same, from time to time. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

The Committees further would assist in the drafting of the section in the Company's annual report relating to the activities of the Committees in accordance with the policies and to liaise with the Board in relation to the same; A section of the annual report shall give an update of NRC, which shall include description of the processes used, any changes in the policies etc. as a part of good corporate governance to the shareholders.
