NOMINATION AND REMUNERATION POLICY

Policy Owner: HR and Secretarial

Reviewed by: Nomination and Remuneration Committee

Approved by: Board of Directors

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Table of Contents

I. PREAMBLE 3
II. OBJECTIVE 3
III. DEFINITIONS – 4
IV. INTERPRETATION 5
V. GUIDING PRINCIPLES 5
VI. ROLE OF THE COMMITTEE 5
VII. MEMBERSHIP 6
VIII. CHAIRPERSON 6
IX. FREQUENCY OF MEETINGS 6
X. COMMITTEE MEMBERS' INTERESTS 7
XI. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT 7
XII Remuneration paid to Executive Directors 8
XIII Remuneration payable to Non-Executive & Independent Directors 9
XIV Remuneration Philosophy for Key managerial personnel, senior management & staff 10
XV Performance Framework 11
XVI. Malus and Claw back 12
XVII. Diversity of Board 13
XVIII. Reporting to RBI within 2 days post the date of exit/separation of Key Managerial Personnel 13
XIX. Review: 14

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 (the Act) and Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025, the Board of Directors is required to constitute the Nomination and Remuneration Committee. The Company has already constituted Nomination & Remuneration Committee.

Nomination and Remuneration Policy herein is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.
The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to Directors. Remuneration for the Executive Directors, Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) shall consist of a fixed component and a variable component linked to the long-term vision, medium term goals and annual business plans.

The company had set-up a Remuneration Committee on April 18, 2005 to review and recommend the quantum and payment of annual salary and commission and finalize service agreements and other employment conditions of the Executive Directors. The Committee considered best remuneration practices being followed in the industry while fixing appropriate remuneration packages. As per the guidelines of Companies Act, 2013, the committee was renamed as the Nomination and Remuneration Committee ("Committee").

Section 178 of the Act provides that the Committee shall recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, further the Committee shall also formulate the criteria for selection of a director.

II. OBJECTIVE

The Key Objectives of the Committee would be:

a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
b) To evaluate the performance of the members of the Board, Key Managerial Personnel and Senior Management of the organization and provide necessary report to the Board for further evaluation.
c) To recommend to the Board on Remuneration payable to the Directors, Key

Managerial Personnel and Senior Management.

III. DEFINITIONS –

“Board of Directors” or “Board”, in relation to a company, means the collective body of the Directors of the company;

“Senior Management” for the purpose of this Policy shall mean the officers and personnel who are members of its core management team, excluding the Board of Directors, and shall comprise of all functional heads (CXOs) by whatever name called who are one level below the Managing Director or Whole Time Director.”

“Company” means “Clix Housing Finance Limited”

“CTC” means cost that occurs to the company in a year on each employee.

“Group” means “Clix and its subsidiaries”

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“Key Managerial Personnel” (KMP) means:

(i) Chief Executive Officer or the Managing Director or the Manager,
(ii) Company Secretary,
(iii) Whole-time Director,
(iv) Chief Financial Officer and
(v) Such other officer as may be prescribed.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

“Policy or This Policy” means, “Nomination and Remuneration Policy.”

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, as amended from time to time.

V. GUIDING PRINCIPLES

The Policy ensures 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.
- Aligning key executive and board remuneration with the short-term and longer term interests of the company and its shareholders;
- There is effective governance of Compensation and alignment of compensation practices with prudent risk taking.
- The Compensation practices are within the regulatory framework stipulated from time to time and
  - Minimize complexity and ensure transparency;
  - Link to long term strategy as well as annual business performance of the company;
  - Promotes a culture of meritocracy and is linked to key performance and business drivers; and
  - Reflective of line expertise, market competitiveness so as to attract the best talent.

VI. ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

1. To identify persons who are qualified to become directors, KMP and Officers and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal. The appointment and / or removal of personnel in Senior management shall be reviewed by MD & CEO and Board.
2. To carry out evaluation of every director's performance.
3. To 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.

4. To formulate the criteria for evaluation of Independent Directors and the Board.
5. To recommend/review remuneration of the Managing Director & CEO and Whole-time Director(s) based on their performance and defined assessment criteria.
6. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
7. To perform such other functions as may be necessary or appropriate for the performance of its duties.

VII. MEMBERSHIP

a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.
b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
c) Membership of the Committee shall be disclosed in the Annual Report.
d) Term of the Committee shall be continued unless terminated by the Board of Directors.

VIII. CHAIRPERSON

a) Committee shall be chaired by an Independent Director.
b) Chairperson of the Company, if any, may be appointed as a member of the Committee but shall not Chair the Committee.
c) Members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
d) Chairperson of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

IX. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required under the Act

X. COMMITTEE MEMBERS' INTERESTS

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

XI. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall appoint/ re-appoint the Managing Director, CEO/Whole-time Director/Manager in Compliance with the provisions of the Companies Act, 2013, Guidelines issued by Reserve Bank of India, and other Regulatory Authorities from time to time. Provided that the term of the person holding this position may be extended 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.

Term / Tenure:

1. Managing Director & CEO/Whole-time Director/Manager (Managerial Person)

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time as decided and agreed by the board.

- No re-appointment shall be made earlier than one year before the expiry of erm.

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 reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for re-appointment after expiry of three years of ceasing to become an Independent Director.
- Evaluation: The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).
- Removal: Due to disqualifications 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, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations. The removal of personnel in Senior management shall be reviewed by MD/ CEO/Board

Retirement: The Director, KMP and Senior Management 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 Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

XII Remuneration paid to Executive Directors

- The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the company. The elements of the remuneration and limits are pursuant to the clause 178, 197 and Section V of the Companies Act 2013.

Remuneration Policy Structure

The remuneration structure for the Executive Directors would include the following components:

(i) Basic Salary - Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market.

- Are normally set in the home currency of the Executive Director and reviewed annually.
- Will be subject to an annual increase as per recommendations of the Nomination and Remuneration committee and approval of the Board of Directors.

(ii) Commission/ Incentives

- Executive Directors will be allowed remuneration, by way of commission which is in addition to the Basic Salary, ESOP's, perquisites and any other allowances, benefits and amenities.
- Subject to the condition that the amount of commission shall not exceed 5% of net profit of the company in a particular financial year in the manner referred in Section 197 & 198 of Companies Act 2013.
- The amount of commission shall be paid subject to recommendation of the Nomination and Remuneration committee and approval of the Board of Directors.
- In the event there are no profits or inadequate profits then an amount, in the form of Incentive Payment, as recommended by NR Committee and approved by the Board of Directors shall be paid to the Executive Directors and in compliance with regulatory provisions as applicable.

(iii) Perquisites and Allowances

A basket of Perquisites and Allowances would also form a part of the remuneration structure.

(iv) Contribution to Provident and Other funds

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

XIII Remuneration payable to Non-Executive & Independent Directors

The Non-Executive Directors of the company may be paid sitting fees for the meetings of Committee and Board with the approval of the Board of Directors up to the permissible limits as mentioned in Companies Act, 2013. The Non-Executive and/ or Independent Directors will also be entitled to remuneration by way of commission pursuant to the provisions of Sections 197 and 198 of the Companies Act 2013 in addition to the sitting fees for attending the meetings of the Board and any Committee thereof as approved by the Board of Directors.

XIV Remuneration Philosophy for Key managerial personnel, senior management & staff

The compensation for the Key managerial personnel, senior management and staff at Clix would be guided by external competitiveness and internal parity through annual benchmarking surveys.

The compensation will inter alia, include basic salary, allowances, perquisites, loans and / or advances as per relevant HR policies, retirement benefits, performance linked payout, benefits under welfare schemes, etc. besides long term incentives / ESOPS / RSUs / Performance Shares or such other means as maybe decided by the NRC,

To meet the organization objective of attracting, rewarding and retaining talent, compensation is delivered through a holistic composition of instruments as given below:

a. Fixed Pay
b. Performance based Variable Pay
c. Non-cash Benefits
d. Guaranteed / Committed / Discretionary bonus/Ex-gratia Fixed Pay

Fixed Pay comprises of Basic Salary, Allowances, Retirals and other benefits each of which have a monetary ceiling.

Performance based Variable Pay:

Performance based Variable Pay shown as part of CTC in the service letter is an indicative amount considering 'On Target' performance across Company and Department / LOB and Individual performance.

Actual payout towards the Annual Performance Based Variable Pay will be determined at the end of the Performance Year based on the eligibility criteria and performance measures as determined by the Company from time to time.

Non-cash benefits: Additional rewards may be determined based on specific projects that Clix may undertake towards given objectives. Achievement of such objectives may result in the team member(s) getting duly recognized and rewarded.

Guaranteed / Committed / Discretionary bonus / Ex-gratia: Such bonuses are not consistent with the principles of meritocracy and the Company shall not encourage such payouts, limiting its usage to a case-to-case basis, where such a payout is made for the purpose of retention / attraction for a fixed term not being part of CTC / Performance based Variable pay. However, in case of special circumstances the CHRO in consultation with Managing Director/ CEO may consider and allow such payment.

XV Performance Framework

In CLIX, meritocracy is the backbone of the performance and potential recognition framework.

The Performance Management and pay Policy revolves around the Four ‘P’ approach:

- People
- Position
- Performance
- Potential

All employees of Clix will be subject to annual performance review as per approved performance management process of the Company. Meritocracy will be promoted by ensuring rigorous performance differentiation.

Internally, performance ratings of all Clix Employees would be spread across a normal distribution curve. The employees will be rated on the basis of achievements of goals and also a defined competency framework as modified from time to time. The frequency of the review and weightages of these depend on the level within the organization as determined by the management from time to time.

The rating obtained by an employee will be used as one of the inputs to determine compensation decisions. Compensation given as pay or rewards can also be determined based on identified skill sets critical to success of Clix. It is determined as per management’s review of market demand and supply. Performance based Variable pay is calculated using a combination of individual performance, department performance and organizational performance. Company holds Grade wise differentiation in the ratio of performance-based variable pay and fixed pay upholding risk and reward.

For the reason of a specific job role (such as driver, runner, any other role which does not have a direct impact on business) or cases of long leave or medical condition or for employees where an investigation is under process, there could be cases of employees “Not Rated’ in the cycle, which would not be part of Distribution curve.

CLIX encourages constant review culture. Communicating frequently with employees and providing them with valuable feedback on a regular-basis helps us become agile as an organization. It also helps us ensure alignment between employees, managers and organization as a whole. Accordingly, CLIX will promote quarterly and half yearly reviews and will deploy suitable reward, recognition, performance-based variable pay programs following the review.

Appropriate salary band and grade structure will be designed to ensure the organization is managed efficiently and effectively. The structure will be reviewed by the Company's leadership from time to time.

Compensation review may happen during mid-year or otherwise on a case-to-case basis. For compensation revision and/or annual performance-based variable payout and/or any other discretionary bonus / reward, employee must be in good standing as determined by the Company in its sole discretion, without violation of any company policy and/or procedure, in each case.

Deferred compensation (performance-based Variable Pay / Incentives) earned by employees may be subject to clawback in the event of subdued or negative financial performance of the

Company and/or the relevant line of business or employee misconduct as described in the Employee Progressive Disciplinary Policy, in any year.

The compensation structure and / or any cases as mentioned above may be reviewed and determined by the CHRO from time to time and approved by MD/ CEO. The board would be involved where deemed necessary.

XVI. Malus and Claw back

Compensation will be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others.

Acts of gross negligence and integrity breach shall be covered under the purview of the compensation policy. Errors of judgment shall not be construed to be breaches under this note.

The deferred part of the performance-based variable pay (performance bonus) will be subject to malus, under which, the Company will prevent vesting of all or part of the performance-based variable pay in the event of an enquiry determining gross negligence or integrity breach.

Malus and clawback may be applied for following circumstances

a) Fraud, misfeasance, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information pertaining to the bank or any of its affiliates;

b) Wilful misinterpretation / misreporting of financial performance of the bank;

c) Material failure in risk management controls or material losses due to negligent risk-taking which are attributable to the employee, whether directly or indirectly;

d) Non-disclosure of material conflict of interest by the employee or any misuse of official powers

e) An act of wilful, reckless or grossly negligent conduct which is detrimental to the interest or reputation of the bank or any of its affiliates, monetarily or otherwise;

f) Material breach of Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance for which the NRC, in its discretion, deems it necessary to apply malus or / and clawback provisions;

XVII. Diversity of Board

The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

• assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,

• make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and

• Periodically review and report to the Board requirements, if any, in relation to diversity on the Board

XVIII. Reporting to RBI within 2 days post the date of exit/separation of Key Managerial Personnel (KMP) & Senior Management Personnel (SMP)

The Company shall be required to inform to RBI within two working days on the exit of KMP & SMP.

The following information required to be furnished to RBI on exit of any KMP & SMP:

a) Name and Contact details of the SMP/Non-Executive Director (NED).

b) Designation of SMP.

c) Manner of exit and its effective date.

d) Reasons cited by the SMP/NED for resignation

e) Tenure of SMP/NED in the last held position.

f) Portfolios handled by the SMP for three years prior to exit

g) Time period of association of the SMP/NED with the entity.

XIX. Review:

This policy will be reviewed on annual basis and as decided by the NRC and with the approval of the Board. The utility and interpretation of this policy will be at the sole discretion of the NRC /Board.