



Nomination & Remuneration Policy

of

UTI Pension Fund Limited

(formerly known as UTI Retirement Solutions Limited)

(Approved in the Board Meeting held on 21st January, 2022)

1. Introduction:

UTI Pension Fund Limited(“UTIPFL”) believes that human resources as an asset are invaluable and play an integral part in the growth and success of the Company. In terms of Section 178 of the Companies Act, 2013 (the “Act”) as amended from time to time, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

While formulating this Nomination and Remuneration Policy (‘Policy’), the Nomination and Remuneration Committee (“Committee”) has considered the factors laid down under Section 178(4) of the Act which are, as under:

- 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 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.

2. Objectives:

The objective of this policy is to lay down a framework in relation to nomination & remuneration of directors, KMP, senior management personnel and other employees. The key objectives of the Committee would be:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a directors, KMP and senior management personnel and to recommend their appointment/removal;
- b. To lay down compensation philosophy which aims to build capability by attracting the right talent, recognize performance and talent and be in sync with industry while managing overall manpower cost;
- c. To evaluate the performance of the members of the Board;
- d. To formulate the criteria for evaluation of the Board and all the directors;

- e. To lay down the criteria for identifying people who can be appointed as Key Managerial Personnel or at Senior Management level and recommend their appointment;
- f. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

3. **Definitions:**

The words, terms and expressions referred to in this Policy will have the same meaning as defined under the Act, rules made there under.

Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Policy, shall have the meaning assigned to them below:

- a. **“Board of Directors” or “Board”** means the collective body of the Directors of the Company;
- b. **“Director”** means a director appointed to the Board of the Company;
- c. **“Independent Director”** means a director referred to in Section 149(6) of the Act;
- d. **“Key Managerial Personnel”**, in relation to a company, means—
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the company secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer;
 - (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
 - (vi) such other officer as may be prescribed
- e. **“Senior Management Personnel” or “SMP”** shall mean officers/personnel of the Company who are members of the core management team excluding board of directors and shall comprise of all members of management one level below the executive directors viz. Company Secretary, Chief Financial Officer, all Heads of Department, including all functional heads.
- f. **“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.

In this Policy, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number includes a reference to its sub-clauses;
- c) words in singular number include plural and vice-versa.

4. Policy for Appointment, Removal and Retirement of Directors, KMP and Senior Management:

The criteria for the appointment of Directors, KMP and Senior Management are as follows:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise, skills, competencies and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment;
- b. The person for the appointment of directors should fit the criteria prescribed under the Companies Act, 2013, PFRDA Act, 2013 and PFRDA (Pension Fund) Regulation 2015 and other applicable provisions;
- c. 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;
- d. An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business;
- e. The Company may appoint or continue the employment of any person as Whole- time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion indicating the justification for appointing such person;
- f. The Company should ensure that the person so appointed as Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Act, rules made thereunder, or any other enactment for the time being in force;
- g. The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, rules made thereunder, or under PFRDA Act and Regulations or any other enactment for the time being in force;
- h. Independent Director shall meet all criteria specified in Section 149(6) of the Act;

- i. Any change or appointment of Directors and KMP shall be intimated to the PFRDA within Fifteen days of the occurrence of such change.

Identifying Candidates:

The committee shall assign the responsibility of identifying the candidate for the final interview to Chairman/MD/WTD/CEO.

Term / Tenure:

- **Managing Director/Whole-time Director/Manager:**

The Company shall appoint or re-appoint any person as its Managerial Person in compliance with the statutory laws as applicable. The Managing Director/Whole-time Director/Manager shall be appointed for a term not exceeding five years at a time. No re-appointment can be made earlier than one year before the expiry of term.

- **Independent Director:**

- a. The appointment of Independent Director shall be as per the terms and conditions provided under statutory laws as and when applicable.
- b. An Independent Director shall hold office for a term as may be decided by the Board of Directors/Shareholders and will be eligible for re-appointment by passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's Report of the Company.
- c. 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 and shall not be liable to retire by rotation.

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:

- a. Due to reasons for any disqualification mentioned under Section 164 of the Act, a person shall not be eligible for appointment as a director of a Company or for such other compelling reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of an Independent Director, KMP or

Senior Management Personnel subject to the provisions and compliance to the Act, Rules and Regulations and applicable policies of the Company.

- b. Any other misconduct/ other factors which are genuine.

Retirement:

The Director and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director or KMP or Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. Policy relating to the remuneration for the Directors, KMP and Senior Management:

Remuneration to Executive Directors:

- a. The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the Act and the Articles of Association of the Company.
- b. Remuneration to the Directors will be determined by the Committee and recommended to the Board.
- c. Remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required under the Act and the Articles of Association of the Company.
- d. The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive shall be based on the prevailing policy of the Company.
- e. Additionally, the Executive Director may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.
- f. Increments to the existing remuneration of the Directors shall be approved by the Committee within the overall limits as approved by the Board & Shareholders.

Remuneration to Managing Director:

- a. The Managing Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, commission/ performance bonus and quantum of perquisites including, employer's contribution to P.F, gratuity, club fees etc. shall be decided and approved by the

Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

- b. Minimum Remuneration – If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of the Act.
- c. Stock Options – Stock Options may be granted to the Managing Director of the Company as approved by the Committee/NRC and Board of UTIAMC.

Remuneration to Non – Executive Director including Independent Director:

- a. The Independent Directors of the Company shall be paid sitting fees and the quantum shall be recommended by the Committee and approved by the Board of Directors of the Company. Further, the expenses for participation in the Board and other meetings may be reimbursed to the Directors.
- b. The profit-linked Commission may be paid to Non – Executive Director within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.
- c. An Independent Director shall not be entitled to any stock option of the Company.

Remuneration to KMP, Senior Management and other employees:

- a. Remuneration to be paid to the Senior Management Personnel shall be recommended by the Committee and approved by the Board and other employees shall be as per HR policy of the Company.
- b. The remuneration should be reasonable and sufficient in order to justify the position and responsibility and to retain.
- c. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- d. Remuneration to KMP and Senior Management Personnel and other employees involves a clear balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- e. Increments to the existing remuneration of KMP and Senior Management shall be approved by the committee and recommended to the Board.
- f. While determining the remuneration/ compensation/ benefits, etc. to be paid to KMP and Senior Management Personnel, the Committee shall keep in mind the following criteria:

1. that the remuneration is aligned with market when compared to relevant peer company's.
2. Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain.

6. REVIEW AND AMENDMENT:

The Committee or the Board may review / amend / supplement the Policy as and when it deems necessary.

The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual for better implementation of this Policy, if it thinks necessary.

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Act or as may be otherwise prescribed by the Nomination and Remuneration Committee or Board from time to time.

The Policy shall be effective from the date of approval of Board, unless specified otherwise.
