



FUSION MICRO FINANCE LIMITED

NOMINATION AND REMUNERATION POLICY

Last reviewed on: August 01, 2021

1. NOMINATION AND REMUNERATION POLICY:

Fusion recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and senior management etc. as per RBI master circular DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016, and as laid down in Section 178 of the Companies Act, 2013 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ("Listing Regulation").

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal of directors and senior management and evaluation of performance of the Directors.

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto, Listing Regulation. This policy on nomination and remuneration of Directors, Key Managerial Personnel and senior management has been formulated by the Nomination and Remuneration Committee ("NRC" or "the Committee") and has been approved by the Board of Directors.

2. OBJECTIVE

NRC and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rule thereto and Listing Regulation. The Key Objectives of the Committee is to:

- a) To guide the Board in relation to the appointment and changes in Directors and Key Managerial Personnel.
- b) To formulate criteria for determining qualifications, positive attributes and independence of directors
- c) To specify the manner for effective evaluation of performance of Board, its committees 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.
- d) To 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 of directors their appointment and removal.
- e) To recommend to the Board remuneration payable to the Directors and Key Managerial Personnel and Senior Management Personnel;
- f) To develop a succession plan for the Board and to regularly review the plan;

- g) To decide 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.
- h) To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
- i) To devise the Policy on Board's diversity.
- j) Consider any other matters as may be prescribed under the Act or Listing Regulations or as may be requested by the Board from time to time.

3. DEFINITIONS:

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board of Directors" or Board means Board of Directors of the Company.

"Committee" means Nomination and Remuneration committee of the company as constituted or reconstituted by the board.

"Company" means "Fusion Microfinance Limited".

"Key Managerial Personnel" means Chief Executive Officer, Company Secretary, Chief Financial Officer of the Company.

"Senior Management" includes officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer/Managing Director/Whole-time Director and shall specifically include Company Secretary and Chief Financial Officer.

"Policy or This Policy" means Nomination and Remuneration Policy.

4. APPLICABILITY:-

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management

5. POLICY FOR APPOINTMENT, REMOVAL, TENURE, AND EVALUATION OF EVERY DIRECTOR'S PERFORMANCE

5.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director.

- b) 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 is sufficient / satisfactory for the concerned position.

6. POLICY FOR REMUNERATION TO DIRECTORS:

The Committee will recommend the remuneration to be paid to the Directors, Key Managerial Personnel and Senior Management to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

6.1 Remuneration to Executive Directors:

- a) The Remuneration/ Commission etc. to be paid to Executive Director shall be governed as per Article of Association of the company and provisions of the Act 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 Executive Directors.

6. 2 Remuneration to Non- Executive / Independent Directors:

a) **Remuneration:** All the remuneration of the Non- Executive(other than Nominee Director) / Independent Directors (excluding remuneration for attending meetings as prescribed under of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under the Act 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 and shareholders of the Company.

a) **Sitting fees:** The Non-Executive (other than Nominee Director) / Independent Director may receive remuneration by way of sitting fees as the Board may decide / amend from time to time for attending meetings of Board or Committee thereof.

b) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

6. 3 Remuneration to Directors, Key Managerial Personnel and Senior Management:

- a) The remuneration to Directors, Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Act and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Directors, Key Managerial Personnel and Senior Management to be decided annually or at such intervals as may be considered appropriate.

7. DISSEMINATION

The details of the Policy and the evaluation criteria as applicable shall be published on Company's website.

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