



Nomination & Remuneration Policy Version 3.0

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I. INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Section 178 and 197 and Schedule V of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time, this policy on nomination and remuneration of Directors and Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

CONSTITUTION OF COMMITTEE

The Board of Directors of the Company ("the Board") constituted the committee to be known as the Nomination and Remuneration Committee consisting of –at least three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair the NRC. The Committee shall meet as often as required to discharge its responsibilities.

II. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, Senior management personnel and other employees. The Key Objectives of the Committee would be:

- 1.1 To guide the Board in relation to appointment and removal of Directors and Key Managerial Personnel and Senior Management.
- 1.2 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 of Directors, KMP and Senior Management.
- 1.3 To formulate the criteria for evaluation of the Board, its Committees, and individual Directors, including Independent Directors.
- 1.4 To recommend to the Board the remuneration payable to Directors and KMP; and to specify the manner for effective evaluation of performance of the Board, its Committees and individual Directors and to review implementation and compliance.
- 1.5 To recommend to the Board on Remuneration payable to the Directors, KMP

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and Senior Management.

- 1.6 To provide to the Key Managerial Personnel and Senior Management, rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.8 To develop a succession plan for the Board and to regularly review the plan.
- 1.9 To assist the Board in fulfilling responsibilities.
- 1.10 To implement and monitor policies and processes regarding principles of corporate governance.
- 1.11 The NRC shall specify the manner for effective evaluation of the performance of the Board, its committees and individual directors (which may be carried out by the Board, the NRC or an independent external agency) and shall review the implementation of the evaluation process and compliance with all applicable requirements, including ensuring that the requisite disclosures relating to Board evaluation are made in the Board's Report in accordance with the Companies Act, 2013.

III. **APPLICABILITY**

- a) Directors (Executive and Non-Executive); and
- b) Key Managerial Personnel.
- c) Senior Management Personnel(as defined in the NRC Charter)

IV. **DEFINITIONS**

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

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

"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.

"Key Managerial Personnel" means

- i. Managing Director, or Chief Executive Officer;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. Such other officers as may be prescribed

"Senior Management" means Senior Management means the personnel of the company who are members of its core management team excluding

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Board of Directors comprising all members of management one level below the Chief Executive Officer, including the functional heads.

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.

V. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

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 KMP or at Senior Management level and recommend to the Board his / her appointment.
- 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.
- c) 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. Independent Directors shall not be entitled to stock options.
- d) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. 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.

2. Term / Tenure

- a) Managing Director/Whole-time Director:
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.
- b) 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 re-appointment 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 of upto maximum of 5 years each, 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.

3. Evaluation:

The Committee shall carry out evaluation of performance of every KMP and Senior Management Personnel (as per internal performance framework) at regular intervals (yearly). The Committee shall also ensure that evaluation of the Board, its committees and individual directors is carried out in the manner specified by the NRC and shall review its implementation and compliance and the manner of evaluation is disclosed in the Board's Report in terms of Section 134(3)(p)

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement

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

VI. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing / Whole-time / Executive Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Managing Director 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. The appointment terms (including remuneration) shall be approved by the Board and placed before the subsequent general meeting; shareholder approval shall be obtained where required under Sections 196, 197 read with Schedule V; net

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profits shall be computed under Section 198.

The remuneration payable to KMP shall be recommended by the NRC for approval of the Board (and Members, where applicable), in line with Section 178(3) and Section 197.

In case of absence or inadequacy of profits, such remuneration shall be paid strictly in accordance with Section 197 read with Schedule V (and where applicable, based on net profits computed under Section 198) or such other approvals as may be required under the Act.

2. Remuneration to Non- Executive / Independent Director:

The Non-Executive / Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees 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. Any commission/remuneration (other than sitting fees) shall be within the limits prescribed under Section 197 and shall be approved by shareholders, as applicable.

3. The increments to the existing remuneration structure:

- a. In relation to Board of Directors shall be based on the evaluation of performance
- b. In relation to Key Managerial Personnel shall be recommended by the Committee based on the recommendation of the Managing Director for approval of the Board
- c. In relation to others shall be approved by the Managing Director based on the market conditions, performance of the company and other relevant factors from time to time.

4. Retention Features as a part of Compensation package:

Based of organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as a part of overall compensation package. These may take form of Retention Bonus, Special Monetary Programs, Long-term Incentives, and Stock Grants etc.

VII. MALUS/ CLAWBACK

1. Definition

Malus arrangement permits ACL to prevent vesting of all or part of the deferred remuneration. It does not reverse vesting after it has already occurred.

Clawback is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances.

Cash Variable Pay – the employee shall return previously paid amount, net of taxes, to the Company.

2. Scope

Malus/ Clawback arrangements under this Policy are applicable to the MD & CEO, Whole Time Directors and Senior Management Personnel and such Personnel as may be covered under the applicable regulatory requirements and/or as identified by the NRC from time to time.

3. Framework to invoke Malus/ Clawback clauses

- i. Errors of judgment shall not be subject to Malus/ Clawback arrangements under this Policy.
- ii. Malus clause shall be considered if an act of gross negligence, on part of one or group of employees, comes to light in the subsequent period, as defined in section 4. An act of gross negligence occurs when a professional fails to meet the standard of due diligence or commits a negligent error that another similarly skilled professional would have most likely avoided.
- iii. In the event of the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity, gross or wilful insubordination, or any other act detrimental to the interest of the Company including and not restricted to violation of Company's Code of Conduct, the Clawback clause shall also be considered.

4. Process

- i. The process related to any other negative event related to a Director, Senior Management Personnel, say arising due to a whistle blower complaint, or a fraud, ACL's Disciplinary Action Process shall be followed.
- ii. Final decision to invoke Malus and/or Clawback shall be approved by NRC.
- iii. Prior to yearly payout of the deferred components of Total Variable Pay, NRC shall review the release of the payout.
- iv. MD & CEO, Whole Time Directors and other Senior Management Personnel shall be required to formally accept the Malus/ Clawback clauses as part of the overall Remuneration Policy.
- v. In the event where the Clawback clause is invoked, the employee , will agree to return the previously received Total Variable Pay (if any) back to

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the Company, taking into account relevant regulatory/ statutory stipulations. In case the vested stock options have already been exercised, the employee shall return fair value of options at the time of grant, using Black-Scholes model.

5. Period

- i. Malus/ Clawback clause can be applied for upto a period of 3 years after the date of grant of Total Variable Pay.
- ii. In the event of a felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity, Board with recommendation of ACB, may extend the clawback period beyond the 3-year period.

6. Effective period

Malus/ Clawback clause can be applied to all Senior Management Personnel who are in active employment of the Company as well as those who have since separated from the Company, due to any of the following reasons:

- Resignation within a pre-defined period after payment of bonus;
- Discharge/ Dismissal from services;
- Retirement / Early Retirement;
- Authorised long leave/ Sabbatical;
- Transfer to group company;
- Severance of employment due to any other reasons, except death.

VIII. DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and regularly reviewing the plan;
- Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the

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Company subject to the provision of the law and their service contract.

- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

IX. DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving/ recommending the remuneration of key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

X. AUTHORIZATION SCHEDULE

The authorization schedule will set out to provide powers to the MD & CEO and the Executive Director responsible for HR to review/ratify/approve any special compensation interventions at a company level for implementation provided that all such interventions are recommended by Nomination & Remuneration Committee and approved by the Board of Directors, as applicable, at its subsequent meeting.

XI. REPORTING REQUIREMENT

The Company shall make disclosure on remuneration paid to the directors on an annual basis in its Annual Financial Statements and Annual Report. The Company shall also make the requisite disclosures in the Board's Report in accordance with the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company shall disclose in the Board's Report the web address where this Policy is hosted and, where Section 178(1) applies, shall include the Company's policy on directors' appointment and remuneration, including the criteria specified under Section 178(3)

XII. REVIEW AND AMENDMENT

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- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and by the Compliance Officer where there are any, statutory changes necessitating the change in the policy.