



NOMINATION & REMUNERATION POLICY

1. PREAMBLE

Shrem Financial Private Limited has been appointed as the investment manager of Shrem InvIT (“**Trust**”), an infrastructure investment trust registered with the Securities and Exchange Board of India (“**SEBI**”) in accordance with the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended (“**SEBI InvIT Regulations**”). Accordingly, the board of directors of Shrem Financial Private Limited (“**Investment Manager**”), has adopted the following policy and procedures (the “**Policy**”) to provide a framework for nomination and remuneration of members of the Board of Directors (the “**Board**”), key managerial personnel, and other employees and Board diversity of the Investment Manager.

This Policy is guided by the principles and objectives as enumerated in Regulation 26G of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended (“**SEBI InvIT Regulations**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”):

- (i) Identify persons who are qualified to become Directors and who may be appointed in Senior Management Personnel (including Key Managerial Personnel) in accordance with the criteria laid down, and recommend to the Board their appointment and removal
- (ii) to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance.
- (iii) to a balance between rewarding short and long-term performance of the Investment Manager and the Trust
- (iv) Performance evaluation of all Directors.
- (v) Diversity of Directors

This Policy reflects the remuneration philosophy and principles of the Investment Manager and the Trust, and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned and diversity of Directors.

1. BOARD DIVERSITY

The Nomination and Remuneration Committee (“**NRC**”) shall ensure that the Board shall have an optimum combination of non-independent, independent and woman Directors in accordance with requirements of the InvIT Regulations, SEBI Listing Regulations and other statutory, regulatory and contractual obligations of the Investment Manager and the Trust. The Board shall consist of not less than 1 woman independent director.

The Investment Manager recognises the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Investment Manager believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, race and gender, which will ensure that the Trust, retains its competitive advantage. Accordingly, the Board shall be formulated with mix of members to maintain high level of ethical standards.

The Investment Manager further believes that a diverse Board will contribute towards driving business results, make corporate governance more effective, enhance quality and responsible decision-making capability, ensure sustainable development and enhance the reputation of the Trust.

2. SENIOR MANAGEMENT PERSONNEL:

“Senior Management Personnel” or “Senior Management” shall mean the officers and personnel

of the Investment Management/ InvIT who are members of its core management team and shall also comprise all the members of the management one level below the Board and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

3. APPOINTMENT CRITERIA AND QUALIFICATIONS OF DIRECTORS AND SENIOR MANAGEMENT:

The NRC shall identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down here below:

- Demonstration of independence, integrity, high personal and professional ethics;
- Person should possess adequate qualification, expertise and experience for the position he / she is considered for.
- Skills/expertise/competence required in relation to the business of the Trust/Investment Manager and the sectors in which it operates for effective functioning;
- General understanding of marketing, finance and other disciplines relevant to the business of the InvIT;

The NRC shall review the profile of the prospective candidates for appointment as Director on the Board or Senior Management, taking in consideration knowledge, experience, financial literacy/expertise, global market awareness and other relevant factors as may be considered appropriate.

The NRC shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director and Senior Management Personnel and recommend to the Board his/ her appointment.

The NRC shall also take into consideration the provisions of the InvIT Regulations, SEBI Listing Regulations, and other statutory, regulatory and contractual obligations of the Investment Manager.

2. REMUNERATION OF INDEPENDENT DIRECTORS

- 2.1. Independent Directors will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the Independent Directors will be determined by the NRC and recommended to the Board for its approval.
- 2.2. The commission to be paid annually will be restricted to a fixed sum, as determined by the NRC, on the basis of their tenure in office during the financial year.
- 2.3. The payment of the commission to the Independent Directors, if any, will be placed before the Board every year for its consideration and approval. The sitting fee payable to the Independent Directors for attending the Board and committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 2.4. Keeping with evolving trends in industries and considering the time and efforts spent by specific Independent Directors, the practice of paying differential commission will be considered by the Board.
- 2.5. Independent Directors are entitled to be paid all travelling and other expenses they incur for attending to the Investment Manager's and Trust's affairs, including attending meetings of the Investment Manager.
- 2.6. The remuneration payable by the Investment Manager to Independent Directors shall be subject to the conditions specified in the SEBI Listing Regulations.

3. REMUNERATION OF NON-INDEPENDENT DIRECTOR

- 3.1 The remuneration paid to the Non-Independent Directors (including managing director) will be within the limit approved by the shareholders of the Investment Manager.
- 3.2 The elements of compensation of the Non-Independent Directors include the elements as described in paragraph 4 below.
- 3.3 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on the Investment Manager's, Trust's and individual's performance as against the pre-agreed objectives for the year.
- 3.4 Non-Independent Directors will not be paid sitting fees for any Board / committee meetings attended by them.
- 3.5 The remuneration payable by the Investment Manager to the Non-Independent Directors shall be subject to the conditions specified in the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

4. REMUNERATION TO SENIOR MANAGEMENT PERSONNEL / OTHER EMPLOYEES

- 4.1. The Investment Manager's total compensation for Senior Management Personnel if any, / other employees will consist of:
 - fixed compensation
 - variable compensation in the form of annual incentive
 - benefits
 - work related facilities and perquisites.
- 4.2. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance.
- 4.3. The annual incentive (variable pay) of executives will be linked directly to the performance of the Trust.
- 4.4. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
 - Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Investment Manager's performance and the economic environment.
 - Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

5. EVALUATION OF PERFORMANCE OF BOARD:

- 5.1. The NRC shall facilitate the Board to undertake evaluation of performance of all Directors on yearly basis including making recommendations to the Board on appropriate performance criteria for the Directors and formulating criteria and framework for evaluation of every Director's performance.

5.2. The Board shall evaluate, every year, its performance along with that of the individual directors including Chairman, IDs, independence of IDs and of its Committees.

6. COMMITTEE MEMBERS INTEREST

6.1. A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

6.2. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

7. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

7.1. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

7.2. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

7.3. Such disclosures of this Policy as may be required under the SEBI InvIT Regulations and SEBI Listing Regulations may be made.

8. DISSEMINATION OF POLICY

The details of this Policy, including the evaluation criteria, shall be mentioned in the annual report of the Investment Manager and the Trust, as may be applicable and this Policy shall be posted on the website of the Trust as may be required under SEBI InvIT Regulation.

9. CONFLICT WITH APPLICABLE LAW

The Policy shall not contradict with the provisions of any Applicable Law. In case of any discrepancy, the provisions of Applicable Law shall prevail over the provisions of this Policy.

10. Amendment

The policy shall remain in force unless modified by the NRC. Any amendment or variation to this Policy shall be undertaken in compliance with the SEBI InvIT Regulations and other applicable law.

Adopted by the board of directors of Shrem Financial Private Limited on behalf of the InvIT on 20th July, 2023.
