

**POLICY ON  
NOMINATION &  
REMUNERATION**

Date of approval: **24-01-2025**

Effective Date of Implementation: **24-01-2025**

Version no. N & RP.**02.2024-25**

**NOMINATION & REMUNERATION  
POLICY  
OF  
SMC INSURANCE BROKERS  
PRIVATE LIMITED**

*[Originally adopted by the Board of Directors on 22<sup>nd</sup> January, 2015  
Amended by the Board of Directors on 24<sup>th</sup> January, 2025]*



## **A. INTRODUCTION**

**SMC Insurance Brokers Private Limited** believes in the manner of its affairs in a fair and transparent view by adopting the ethical behavior standards, integrity, and professionalism and in compliance of laws towards the society, government & its stakeholders.

In terms of Section 178 of the Companies Act, 2013, 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 in their meeting held on 22<sup>nd</sup> January, 2015.

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 and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

This amended, updated and approved Policy shall be effective from **24.01.2025**.

## **B. OBJECTIVE**

**The policy is framed with the objective(s):**

The objective of this policy is to provide a framework for appointment and remuneration payable by the Company to its directors and other senior officers of the Company. The policy shall provide guiding principles to align the remuneration with long term interests of the Company and majorly shareholders. The Nomination and Remuneration Committee shall ensure following w.r.t nomination and remuneration of directors, senior management and employees:

- a) Formulate criteria for determining qualifications, competencies, positive attributes and independence for appointment of directors and senior management
- b) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the Company successfully;
- c) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) 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 for the working of the Company.

## **C. ACCOUNTABILITIES**

1. The Board of Directors is ultimately responsible for the appointment of Directors and Key Managerial Personnel.



2. The Board of Directors has delegated responsibility for assessing and selection of persons for the role of Directors & Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

**D. APPOINTMENT OF DIRECTORS/KMPS/SENIOR MANAGEMENT**

The Nomination and Remuneration Committee of the Company shall consider the following while recommending appointment of any director, KMP and Senior Management Personnel:

1. Assess the qualifications, background, expertise and experience of the candidate and the functional field of knowledge of the person.
2. Assess the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company.
3. Contribution of the appointment to overall Board diversity.
4. In case of selection of non-executive directors, the commitment of time devotion and expertise to be brought in for rendering of the services.
5. Factors such as age limit, maximum directorship/membership/chairmanship, expected date of retirement and tenure of appointment.
6. In case of selection of senior management personnel, ability to think independently without being influenced by extraneous circumstances or consideration.
7. Special achievements and operational efficiency which contributed to growth in business in the relevant functional area.
8. Demonstrable leadership qualities and interpersonal communication skills, devotion to the role, compliant with the rules, policies and values of the Company and does not have any conflicts of interest.
9. The appointment of Independent Directors of the Company shall be as per the appointment letter issued to the directors at the time of appointment/reappointment.

**E. REMUNERATION TO DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

The remuneration / compensation / profit-linked commission, bonus etc. to the Whole-time Director, Non-Executive Directors and Independent Directors and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration shall be in accordance with the percentage and conditions laid down in the Articles of Association of the Company, the Companies Act, 2013 shall at all times be within the limits approved by the shareholders of the Company, if any.



**I. Remuneration to Executive Directors**

The elements of remuneration payable to Executive Directors are as follows:

1. Remuneration payable to Executive Directors shall at all times be governed by the provisions of section 197 of the Companies Act, 2013 read with the Rules and Schedules made thereunder and as approved by the shareholders of the Company, which shall include fixed salary, perquisites, commission and/or other allowances.
2. Within the overall limit approved by the shareholders, the Board on recommendation of the Nomination and Remuneration Committee determine the remuneration of each Executive Director basis their role, responsibility, duties, time involvement etc.
3. The Executive Directors of the Company are covered under the Directors and Officers Liability Insurance (D&O) Policy. The Company may also grant stock options to the directors of the Company.
4. The Board of Directors of the Company may on recommendation of the Nomination and Remuneration Committee decide to pay profit linked commission to the Executive Directors out of the profits for the financial year but within the ceilings prescribed in law.
5. The remuneration payable to the Executive Directors shall also be dependent on the evaluation of performance of directors, which shall be conducted once in a year.
6. The Company also reimburses the out of pocket expenses incurred by any directors for the Company.
7. In situations where the Company has no profits or its profits are inadequate, the Company shall remunerate its Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.
8. If any director draws or receives, directly or indirectly, by way of remuneration any sums in excess of limit as prescribed in law, such remuneration shall be refunded by the director within such time as prescribed in law.

**II. Remuneration to Non-Executive Directors**

The elements of remuneration payable to Non-Executive Directors are as follows:

1. The remuneration structure payable to each Non-Executive Director shall be determined by the Board of Directors, depending on the individual performance, contribution and time involvement of each director to the Company.
2. The remuneration payable to Non-Executive Director may be paid in the form of sitting fees for attending meetings of Board of Directors and of committees and/or as a fixed commission as a percentage of profit of the Company. However, in all cases the overall





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remuneration payable to the directors shall be reasonable and sufficient to attract, retain, motivate such directors to be aligned with the objectives of the Company.

3. The sitting fee as approved by the Board of Directors shall be payable immediately after the board / board committee meeting to those directors who attend the meeting, whereas, the commission, if approved, shall be payable at the end of the financial year, after approval of the annual financial statements of the Company.
4. The Non-Executive Directors shall be entitled to such commission as approved by the Board but within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act.
5. All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, meetings with shareholders/creditors/management, induction and training programmes and such expenses incurred on behalf of the Company for furtherance of his/her duties as a director.
6. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.
7. In situations where the Company has no profits or its profits are inadequate, the Company shall remunerate its Non-Executive Directors, including Independent Directors, in accordance with the provisions of Schedule V of the Companies Act, 2013.
8. The Non-Executive Directors of the Company are covered under the Directors and Officers Liability Insurance (D&O) Policy.
9. If any director draws or receives, directly or indirectly, by way of remuneration any sums in excess of limit as prescribed in law, such remuneration shall be refunded by the director within such time as prescribed in law.

### **III. Remuneration to Senior Management and other employees**

Senior Management shall mean and include the following:

- a) Key Managerial Personnel;
- b) Members of management one level below the CEO and Whole Time Director;
- c) Functional Heads;
- d) Such other officers as may be identified by the Board of Directors of the Company;

The elements of remuneration payable to Senior Management Person (SMP) and other employees are as follows:



- i. The remuneration of the Senior Management Personnel and other employees will be processed through the HR department as per the appraisal procedure adopted by them with the feedback of reporting managers / HOD's and along with the observation of the concerned directors. In this regard, a presentation is made before the Executive Directors who will recommend the overall evaluation and change in the remuneration thereof keeping in mind the market conditions, business prerogatives and other factors and recommend the same to the Committee which shall be effective post approval of the Board of Directors of the Company. The appraisal will be usually made in two or more cycles considering the certain number of employees and as the management deems fit in the light of last appraisal and prevailing practices of the company.

ii. **Appraisal Criteria:**

Performance is assessed based on the following weighted dimensions:

**a. Strategic Contribution (40%)**

- Achievement of strategic goals (e.g., revenue growth, market expansion).
- Alignment with the company's vision and long-term plans.
- Decision-making effectiveness and risk management.

**b. Leadership and Collaboration (25%)**

- Team leadership and ability to inspire others.
- Cross-functional collaboration and support.
- Development of future leaders.

**c. Financial and Operational Excellence (15%)**

- Resource allocation and financial management.
- Cost-saving initiatives and operational efficiency.

**d. Innovation and Change Management (15%)**

- Introduction of innovative solutions and business opportunities.
- Adaptability to market changes and implementation of improvements.

**e. Self-Branding & Company Branding (5%)**

- Active participation in promoting personal and company achievements on professional platforms (e.g., LinkedIn, conferences).
- Contribution to enhancing the company's reputation and visibility through thought leadership, articles, or public speaking.
- Maintaining a professional image consistent with company values.



**iii. Performance Rating System:**

Each SMP and KMP will be rated on a scale of 1 to 5:

- 1 – Unsatisfactory: Significant improvement required.
- 2 – Needs Improvement: Meets some expectations but falls short in key areas.
- 3 – Meets Expectations: Consistent with role and organizational goals.
- 4 – Exceeds Expectations: Surpasses expectations in key areas.
- 5 – Outstanding: Exceptional performance and contributions.

**iv. Appraisal Process:**

**a. Self-Assessment:**

Each SMP/KMP will complete a self-assessment highlighting achievements, challenges, and areas for improvement. Formats will be defined by Human Resource Department and will be shared during the appraisal process in MITR.

**b. Evaluation:**

The CEO/ Director/Remuneration Committee will evaluate performance using the defined criteria and supporting data.

**c. Review Meeting:**

- A one-on-one review session will be held to discuss:
- Performance ratings and feedback.
- Key accomplishments and development plans.
- Goals for the upcoming year.
- Career aspirations and growth opportunities.

**Note:** *This approach adopts the Balanced Scorecard approach, integrating financial, operational, leadership, innovation, and personal branding metrics to holistically evaluate performance and align individual contributions with strategic objectives.*

- v.** The remuneration payable to KMP and Senior Management is designed to ensure their continued alignment with organizational goals. The Committee aims to ensure that KMP and Senior Management pay is reflective of market pay, consisting of a mix of base/ fixed pay, performance bonus and stock incentives, if any.
- vi.** Remuneration to SMP shall be based on performance evaluation with contribution to business and profitability numbers during the FY under review and shall not be limited and restricted to appraisal procedure as applicable to other employees.
- vii.** The Appraisal Procedure of rating online as per MITR app is also contribute a major part for increment and change in designation of employees.



*\*In this regard, any increment of any employees or directors or KMP or Senior Management can be changed by the Executive Directors of the company after considering factors it deems relevant, including but not limited to market performance, business performance and practices in comparable companies and having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines and give suitable directives to HR for the same.*

*Where any insurance is taken by the Company on behalf of its directors or senior management and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.*

**F. DISCLOSURE**

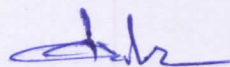
Pursuant to the provisions of the Companies Act, 2013 the Company shall disclose details with regard to remuneration of directors, senior management personnel and other employees in the annual return

**G. REVIEW AND MODIFICATION**

In case of any subsequent changes in the provisions of the Companies Act, 2013 which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. The Nomination and Remuneration Committee shall be responsible for reviewing the policy.

**BY THE NOMINATION & REMUNERATION COMMITTEE OF SMC INSURANCE BROKERS PRIVATE LIMITED RECOMMENDED TO THE BOARD**

**ADOPTED AND APPROVED BY THE BOARD  
For SMC INSURANCE BROKERS PRIVATE LIMITED**



**(CHAIRMAN)**  
DATE: 24-01-2025

