

**Policy on Appointment and Remuneration of Directors and Key Managerial Persons  
of  
Valueattics Reinsurance Limited**

## Policy on Remuneration of Directors and Key Managerial Persons

The Insurance Regulatory and Development Authority of India (IRDAI), vide circular bearing number IRDAI/F&I/CIR/MISC/82/5/2024 dated May 22, 2024 has issued the “Master Circular on Corporate Governance for Insurers 2024 ” (the “Master Circular on Corporate Governance”), governing the compensation and remuneration to the members of the Board, Key Managerial Persons of the Insurers, whose actions may have a material impact on the risk exposure of the insurer and should not encourage such individuals, to take inappropriate or excessive risks, especially where performance-based variable remuneration is used.

Pursuant to the abovementioned Master Circular on Corporate Governance, the Company vide a resolution passed by the Board of Directors of the Company, , has adopted the present “Policy on Appointment and Remuneration of Directors” (the “Remuneration Policy for Directors”). The Policy is formulated under the requirements and the provisions of the Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard to govern Remuneration of Non-Executive Directors of the Company and other applicable laws.

### 1. Principles:

The Policy shall establish a robust governance of compensation and well-structured remuneration system for the Non-Executive Directors of the Company. It is designed to prevent **conflicts of interest** that could compromise the **integrity and impartiality** of Non-Executive Directors, particularly during their **appointment** or while determining their **remuneration**.

### 2. Objectives:

The primary objectives of this Policy include:

- i. Ensuring transparent and effective governance of compensation;
- ii. Aligning remuneration practices with prudent risk management;
- iii. Facilitating strong supervisory oversight and active stakeholder engagement;
- iv. Protecting the interests of stakeholders;
- v. Defining clear criteria for assessing the qualifications, positive attributes, and independence of Independent Directors.

### 3. Definitions:

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| <b>a. ‘Board’</b>  | Board means the ‘Board of Directors’ of the Company,  |
| <b>b. ‘Nomination and Remuneration Committee’ or ‘NRC’</b> | The Committee Constituted by the Board under the provisions of section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 read with Master Circular on Corporate Governance for Insurers 2024, for inter-alia recommending to the Board on the matters relating to the remuneration for the Directors, KMPs and other employees of the Company. |
| <b>d. Commission on Profit</b>                             | The Commission payable to the Non-executive Directors as a part of their remuneration in accordance with the Companies Act, 2013 and Rules made thereunder, read with appropriate Prescriptions of the IRDAI. However, such commission on profit for any financial year shall be payable to the Directors subject to the following:   |

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- a. The Company has reported positive profit after tax for the period for which the said commission is proposed to be paid.
  - b. The Board has passed a resolution approving such payment.
  - c. The amount of payment of remuneration in the form of Commission on profit to each of the Non-Executive Director shall not exceed the limits fixed by IRDAI from time to time.
  - d. Appropriate disclosure with regard to payment of such Commission on Profit is made in the financial statements of the Company for the respective financial year.
  - e. Company adheres to the prescriptions in this regard under any other law for the time being in force.
- e. 'Company'** Company shall mean the Valueattics Reinsurance Limited, bearing IRDAI registration number 168, and having its registered office at Atlantis, 95, 4th B Cross Road, Koramangala, Industrial Layout, 5th Block, Bengaluru - 560095.
- g. Fixed Remuneration** A fixed remuneration payable which may be paid to the Non-Executive Directors irrespective of the profit or loss of the Company during any financial year as prescribed by IRDAI and applicable law.
- h. 'Independent Director'** Independent director is a Non-Executive Director of the Board of the Company appointed under the Companies Act, 2013 and the Rules made thereunder.
- i. IRDAI** IRDAI shall mean, Insurance Regulatory Development Authority of India, constituted under Insurance Regulatory and Development Authority Act, 1999 (IRDA Act 1999) for overall supervision and development of the Insurance sector in India.
- j. IRDAI Prescriptions** The Regulations, Guidelines, Circulars, Notifications and directions issued by IRDAI from time to time with specific applicability on the Company or otherwise.
- o. 'Non-Executive Director'** Non-executive director shall mean a Director of the Board of the Company, who is not an Executive Director and includes an Independent Director.
- s. 'Sitting Fee'** A fixed sum of remuneration payable by the Company to its Independent Directors and other directors as the board may specify against every meeting they attend in the Company in accordance with the Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.
- u. 'Whole-time Director' or 'Executive Director'** 'Whole-time Director' or 'Executive Director' shall mean a director in the Board who is in employment of the Company on a fulltime basis with entitlement to receive Remuneration.

#### 4. Effective Date:

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This policy shall be applicable with effect from financial year 2024-25 onwards.

### 5. Policy on Board diversity:

The composition of the Board shall reflect a diverse mix of expertise across various domains such as Finance, Sales and Marketing, Human Resource Management, and other areas deemed relevant. In shaping the Board's structure, diversity shall be considered across multiple dimensions, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, and knowledge.

The Board shall include:

- At least one member with expertise in accounting or financial management, and
- At least one woman director.

### 6. Conflict of interest:

The Board acknowledges that conflict of interest represents a significant risk in the formulation, implementation, and review of this Policy. To mitigate this risk, the Nomination and Remuneration Committee (NRC) shall conduct a thorough assessment to identify and prevent any circumstances that may compromise the integrity and objectivity of Board members. This includes careful scrutiny during the recommendation of appointments and the design of remuneration structures under this Policy.

To ensure that Board members are not placed in situations involving actual or perceived conflicts of interest, the Board shall, at every stage of structuring, implementing, or reviewing this Policy, examine potential conflict of interest. This diligence shall also apply when making decisions or recommendations to shareholders regarding the appointment or remuneration of any Board member, in alignment with the principles and scope of this Policy.

### 7. Policy Framework

The framework of the Policy shall have two distinct parts as under:

Part I: Policy on Remuneration of Non-Executive Directors.

Part II: Criteria for determining qualifications, positive attributes and Independence of Independent Directors

### 8. Disclosure:

The Company shall comply with the disclosure and accounting requirements prescribed by IRDAI and any other regulatory or statutory authority under Applicable law.

### 9. Review:

The NRC and the Board shall review this Policy:

- a. at least once in every financial year, or
- b. whenever deemed appropriate by the Board, or
- c. as and when the underlying laws governing the Policy undergoes any change including any relevant change in the Insurance Act, 1938, IRDAI Prescriptions, Companies Act, 2013 and relevant provisions of the Companies Act including applicable rules thereunder or any other applicable law.

## Part I

### Policy on Appointment and Remuneration of Non-Executive Directors

Non-Executive Directors of the Company play a critical role in safeguarding the interests of the Company and its stakeholders. They provide independent oversight, constructively challenge management, and support the implementation of strategic initiatives within the framework of the Company's governance system and the risk appetite defined by the Board.

In addition to their oversight responsibilities, Non-Executive Directors contribute by:

- Supporting the Board in achieving its strategic and governance objectives;
- Offering leadership and strategic direction while maintaining objective judgment;
- Bridging expertise gaps within management;
- Providing independent perspectives on business operations, governance practices, and boardroom dynamics.

Their diverse professional backgrounds bring broader insights and external experience, which significantly enhance the Company's strategic development.

Given the increasing demands and heightened responsibilities placed on Non-Executive Directors, it is imperative that they uphold the highest standards of corporate governance excellence. To attract and retain qualified professionals in these roles, it is essential that Non-Executive Directors are fairly and appropriately compensated.

#### 1. **Policy:**

This Policy shall be called the Policy on Remuneration of Non-Executive Directors of the Company ("NED Policy") and shall be applicable from the date of adoption of this NED Policy by the Board or the Effective Date, whichever is earlier.

#### 2. **Appointment and Reappointment:**

The Board and the shareholders shall carry out the appointment or re-appointment of the Non-Executive Directors of the Company through recommendations of the NRC in accordance with this NED Policy and as per the applicable provisions of the Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard and other applicable laws.

##### a. **Age Limit:**

The maximum age limit for Non-Executive Directors, including the Chairperson of the Board, shall be 75 years. No person shall continue on the Board of the Company after attaining the age of 75 years, unless otherwise allowed under applicable laws.

##### b. **Term of office:**

###### i. **Term of Office of an Independent Director**

An Independent Director in the Board of the Company may be appointed for a term of up to five consecutive years and shall be eligible for re-appointment for the second term on passing of a special resolution in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard and other applicable law.

No Independent Director shall hold office for more than two consecutive terms, beyond a period of 10 years. After completion of two consecutive terms such Independent Director shall be eligible for re-appointment only after a cooling-off period of at least three years in accordance with the

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applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

### 3. **Remuneration:**

Remuneration of the Non-Executive Directors of the Company shall comprise of Fixed Remuneration, and Commission on Profit etc. Payment of such Remuneration by the Company shall be governed by the applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard and other applicable law. Sitting fees and any reimbursement of expenses incurred by the director in due discharge of their function will not form part of the Remuneration.

#### a. **Fixed Remuneration**

Each Non-Executive Directors of the Company may be entitled for such Fixed remuneration as may be approved by the Board and/or shareholders from time to time and in compliance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

#### b. **Commission on Profit**

Non-Executive Directors of the Company may be entitled for Commission on Profit as may be approved by the Board and/or shareholders from time to time and in compliance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

#### c. **Limitation on Payment of Total Remuneration**

The total remuneration paid by the Company to any Non-Executive Director of the Board, collectively on account of the above-mentioned Fixed Remuneration and Commission on Profit in any financial year, shall under no circumstances exceed a sum of Rupees Thirty lakh or such sum as prescribed under applicable law.

#### d. **Sitting Fee and Reimbursement of Expenses**

In addition to the Fixed Remuneration and Commission on profit as mentioned in the preceding section, the Non-Executive Directors of the Company shall be entitled to the following, as may be approved by the Board:

##### i. **Sitting fees:**

The Company shall pay Sitting Fees to the Non-executive Directors an amount as approved by the Board from time to time within the limits of applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard. The Board may decide to pay sitting fees only to Independent Directors.

##### ii. **Reimbursement of expenses**

Non-Executive Directors of the Company shall be entitled for reimbursement of actual expenses incurred by them to participate in the Board and other meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

#### e. **Prohibition on Equity-linked Benefits**

The Non-Executive Directors shall not be eligible for any equity-linked benefits.

### 4. **Remuneration of Chairperson being a Non-Executive Director**

Whenever, the Chairperson of the Board is a Non-Executive Director, the remuneration payable to such Non-Executive Chairperson shall be governed by the provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard. In consideration of the same,

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the permitted modes of remuneration and reimbursement of expenses to the non-executive Chairperson shall be:

- a. Such fixed payments at such periodicity as may be recommended by the Board, approved by the shareholders from time to time, including:
  - i. Maintaining a Chairperson's office at the expense of the Company,
  - ii. Expenses against travel on official visits and participation in various forums (both in India and abroad) as Chairperson of the Company
  - iii. Expenses against travel and other expenses and allowances for attending to the duties as Chairperson of the Company.
- b. Sitting Fee for attending each meeting of the Committees/Board as approved by the Board from time to time within the limits of applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.
- a. Reimbursement of actual expenses incurred by them to participate in the Board and other meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

**Part II**

**Criteria for determining qualifications, positive attributes and Independence of Independent Directors**

**a. Qualifications of Director**

A Director shall possess knowledge or expertise in one or more fields of finance, economics, insurance, law, management, sales, marketing, CSR, corporate governance, operations or other disciplines related to the Company's business with qualifications and experience that is appropriate to the Company.

**b. Positive attributes of Directors**

A Director shall be a person of integrity, who

- i. possesses relevant expertise and experience;
- ii. upholds ethical standards of integrity and probity.
- iii. Acts objectively and constructively while exercising his/her duties;
- iv. exercises his/her responsibilities in a bona-fide manner in the interest of the Company;
- v. devotes sufficient time and attention to his/her professional obligations for informed and balanced decision making; and
- vi. assists Company in implementing the best corporate governance practices.

**c. Independence of Independent Directors**

An Independent Director should meet the requirements of the Companies Act, 2013 concerning independence of Directors.