

**REMUNERATION POLICY**

**OF**

**ONWARD TECHNOLOGIES LIMITED**

The Remuneration Policy of Onward Technologies Limited (the “Company”) is designed by the Nomination and Remuneration Committee (NRC) of the Company to attract, motivate and retain manpower in a competitive market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to the Company's Senior Management, including its Key Managerial Person and Board of Directors, and other employees.

## **OBJECTIVE**

The Remuneration policy shall be in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 read along with applicable rules thereto and any re-enactment thereof.

The Key Objectives of the NRC would be:

- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their performance and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

## **GUIDING PRINCIPLES**

The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.

- The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for executives Directors/ KMP's, the Nomination and Remuneration Committee shall consider pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.
- The management while designing the remuneration package shall consider the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.
- The Committee while evaluating a remuneration package must ensure a balance

between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

- The Committee shall consider that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

## **REWARD PRINCIPLES AND OBJECTIVES**

Our remuneration policy is guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013, inter alia principles pertaining to determining qualifications, positives attributes, integrity and independence etc.

## **REWARD POLICIES**

**Attract and retain:** Remuneration packages are designed to attract high-caliber executives in a competitive global market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual responsibilities and performance.

**Motivate and reward:** Remuneration is designed to motivate delivery of our key business strategies, create a strong performance-orientated environment and reward achievement of meaningful targets over the short- and long-term.

**The principal terms of non-monetary benefits:** The Executives will be entitled to customary non-monetary benefits such as company cars and company health care, telephone etc. In addition thereto, in individual cases company housing and other benefits may also be offered.

## **COMPENSATION STRUCTURE**

### **(a) Remuneration to Non-Executive Directors:**

The Non-executive Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Committees of Board of Directors shall be decided by the Board of Directors of the Company on the basis of recommendation of Nomination and Remuneration Committee of the board of director of the company..

Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company are not paid any other remuneration or commission. The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees of Board of Directors may be modified or implemented from time to time only with the approval of the Board in due compliance of the provisions of Companies

Act, 2013.

**(b) Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):**

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs, KMPs and SMPs are subjected to the approval of the Board of Directors in due compliance of the provisions of Companies Act, 2013. The remuneration for the KMP and the SMP at the time of the appointment has to be approved by the Board but any subsequent increments shall be approved by the Managing Director of the Company as per the HR policy of the Company and ratified by the Board.

As a policy, the Executive Directors are neither paid sitting fee nor any commission.

**SELECTION OF BOARD MEMBERS/ EXTENDING INVITATION TO A POTENTIAL DIRECTOR TO JOIN THE BOARD**

One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee shall also identify suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member. Any appointment of the candidate to join the Board of the Company shall be done in compliance of the applicable provisions of Companies Act, 2013 and such other laws as may be applicable thereto.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

**SELECTION AND APPOINTMENT OF KEY MANAGERIAL PERSONNEL(S) (KMPS) & SENIOR MANAGEMENT PERSONNEL (S) (SMPS):**

The Human Resource (HR) department of the Company may conduct a wide-ranging search for candidates for the positions of employees within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, if any,

and on the human resources market. The department shall then place their search report before the Nomination and Remuneration Committee for their recommendations on the same.

The Committee shall actively liaise with the HR department of the Company to study the requirement for Senior Management Personnel, and produce a written document thereon;

The expression “senior management” shall mean personnel of the company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.

Persons/Officers of the Company having following designations shall be termed as Senior Management Personnel of the Company:

1. Chief Executive Officer (CEO),
2. Chief Financial Officer (CFO),
3. Chief Operating Officer (COO)

The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the candidates shall be compiled in a written document;

A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of the Employees;

Before appointment of employee, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors for their approval. The selected candidate shall be appointed by the Board of Directors of the Company upon recommendation of the Committee.

#### **DISCLOSURE OF INFORMATION**

Information on the total remuneration of members of the Company's Board of Directors, Executive Board of Management and senior management may be disclosed in the Company's annual financial statements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

#### **APPROVAL OF THE REMUNERATION POLICY**

This Remuneration Policy as framed by the Committee shall be recommended to the Board of Directors for its approval.

This Policy shall apply to all future employment agreements with members of Company's Senior Management including Key Managerial Person and Board of Directors.

Any departure from the policy shall be recorded and reasoned in the Board's minutes.

## DISSEMINATION

The Company's Remuneration Policy shall be disclosed in the report of the Board of Directors of the Company. This policy shall also be hosted on the Company's website, [www.onwardgroup.com](http://www.onwardgroup.com).

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