



SIFY INFINIT SPACES LIMITED

POLICY ON NOMINATION, REMUNERATION, DIVERSITY AND EVALUATION

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1. INTRODUCTION

This Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (the "Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations, 2015") if applicable, and is subject to the provisions of other applicable laws as amended from time to time, the Nomination and Remuneration Committee ("NRC / the Committee") of M/s. Sify Infinit Spaces Limited ("SISL" or the "Company") has formulated this Nomination and Remuneration Policy ("the Policy") in order to set our principles, parameters and governance framework of the appointment and remuneration for Directors including Managing Director, Whole Time Director, CEO, Key Managerial Personnel, Senior Management Personnel and other employees of the Company as may be determined.

Note: In the event of any conflict between this Policy and applicable law, the provisions of the law shall take precedence, and the Company will comply with the relevant legal requirements.

While formulating this Policy, the NRC has considered the factors laid down under Section 178(4) of the Companies Act, which are as under:

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to Directors, Key Management Personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

This Policy will assist the Board of Directors ("the Board") of the Company to fulfil its responsibility by way of recommendation from the NRC to attract, retain and promote the aforesaid personnel with respect to their remuneration in line with the corporate and their individual performances.

This Policy also takes into account the staff rules, resolutions approved by the Board or its Committee/s, internal controls and guidelines framed by the Company.

This Policy shall act as a guideline for the Committee and the Board on matters relating to:

- i. Appointment of Directors including Independent Directors;
- ii. Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees of the Company.
- iii. Board Diversity; and
- iv. Board Performance Evaluation.

2. OBJECTIVE AND PURPOSE

The objectives and purpose of this Policy are:

- i. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (Whole-time/non-executive/independent) of the Company ("Director");
- ii. To identify and recommend candidates for appointment as Directors (executive and non-executive), KMP and Senior Management;
- iii. To evaluate skills, knowledge, expertise and experience for the position and on the basis of such evaluation, prepare a description of the role and capabilities.
- iv. To establish and review succession plans of the Board, KMP and Senior Management;
- v. To recommend policy relating to appointment and removal of Directors, KMP and Senior Management.
- vi. To recommend policy relating to the remuneration of the Directors, KMP and Senior Management/ other employees to the Board;
- vii. To review and approve corporate goals and objectives relevant to the compensation of the whole-time directors, evaluating their performance in light of those goals and objectives and

- either as a committee or together with the other independent Directors (as directed by the Board),
- viii. To determine and approve whole-time Directors' compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.
 - ix. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. DEFINITIONS

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

The "**Board**" or "**Board of Directors**" means, meeting of the Directors duly called and constituted or as the case may be

The "**Company**" or "**The Company**" means "**Sify Infinit Spaces Limited**", a Public Limited Company, incorporated under the provisions of the Companies Act, 2013.

"**Directors**" means a director appointed to the Board of a company.

"**Key Managerial Personal**" means an individual as defined under Section 2(51) of the Act.

"**Independent Director**" means a Director as defined under Section 2(47) of the Act.

"**Manager**" means an individual as defined under Section 2(53) of the Act

"**Managing Director**" means an individual as defined under Section 2(54) of the Act.

"**Senior Management**" means 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.

"**Whole Time Director**" means a Director as defined under Section 2(94) of the Act.

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.

4. APPLICABILITY

This Policy is applicable to:

- i. Directors viz. Executive, Non-executive and Independent
- ii. Key Managerial Personnel
- iii. Senior Management Personnel
- iv. other employees of the Company

5. COMPOSITION OF COMMITTEE

- a) The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.
- b) The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair the Committee.

6. ROLE AND RESPONSIBILITY OF THE COMMITTEE

The following matters shall be dealt with by the Committee:-

- (a) Identification and recommendation of candidates for appointment as Directors, KMP and Senior Management:

The Committee shall identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy and recommend to the Board their appointment and removal. In this regard, the Committee may rely on the Company's management, or external search firm(s), or a mix of both, as the Committee deems fit from time to time.

- (b) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to

- (i) have an appropriate mix of executive, non-executive and independent directors to maintain its independence and separate its functions of governance and management and
- (ii) ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;
- (iii) Selection of CEO / Managing Director / Executive Director

The Committee shall also assist the Board in ensuring that the Board nomination process is in line with the diversity policy of the Board.

- (c) Formulation of criteria and recommendation of Policy:

Formulating the criteria determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, KMP and other employees

For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

- (d) Succession plans:

Establishing and reviewing succession plans of the Board, KMP and Senior Management in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

- (e) Evaluation of performance:

- i. make recommendations to the Board on appropriate performance criteria for the Directors.
- ii. formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
- iii. identify ongoing training and education programs for the Board to ensure that non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties. For the purpose of identifying suitable candidates, the Committee may:
 - a) use the services of an external agency, if required;
 - b) consider candidates from a wide range of background, having due regard to diversity;
 - c) consider the time commitments of the candidates.

- (f) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- a. Remuneration of whole-time Directors to be presented for shareholders' approval including severance, if any.

- b. Individual and total remuneration of non-executive Directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees;
- c. the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay, if any, and service contracts having regard to the need to:
 - (i) attract and motivate talent to pursue the Company's long term growth;
 - (ii) demonstrate a clear relationship between executive compensation and performance;
 - (iii) be reasonable and fair, having regard to best governance practices and legal requirements and
 - (iv) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.
- d. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements;

7. GENERAL PRINCIPLES TO BE FOLLOWED BY COMMITTEE

- i. NRC shall ensure that due process of appointment, re-appointment and remuneration of a Director, Managing Director & CEO and Key Management Personnel of the Company is followed as applicable under the Companies Act, Depository Regulations or such other law as may be applicable from time to time.
- ii. The NRC may recommend to the Board, with reasons recorded in writing, removal of Director, Managing Director & CEO and Key Management Personnel in accordance with the Companies Act or any other applicable act, rules and regulations, including for contractual breaches. Such removal shall be subject to the provisions and compliance of applicable laws, rules and regulations.
- iii. The NRC may consider the following guidelines for recommending/approving remuneration on case to case basis:
 - a. Remuneration should be reasonable and sufficient to attract, retain and motivate the employees to be aligned with the requirements of the Company (taking in consideration the challenges faced by the Company and its future growth imperatives);
 - b. overall remuneration practices should be consistent with industry standards;
 - c. market competitive;
 - d. average levels of compensation payable to employees in similar ranks;
 - e. should not contain any provisions regarding incentives to take excessive risks over the short term;
 - f. based on the role played by the individual in managing the Company, including responding to challenges faced by the Company;
 - g. periodic review; and
 - h. aligned to regulatory requirements.
- iv. Where any insurance is taken by the Company on behalf of its Directors, Managing Director & CEO, Key Management Personnel and 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.

8. BOARD DIVERSITY

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board of Directors of the Company. Building a diverse and inclusive culture is integral to the success of Company. Ethnicity, age and gender diversity, underpinned by meritocracy are areas of strategic focus for the employee base and the same principle is applied to the composition of Board.

The Board of Directors shall comprise of Directors having expertise in different areas/fields like Strategic Planning, Finance, Law, Sales, Engineering or as may be considered appropriate. In designing the Board's composition, Board diversity shall not be limited to gender, age, cultural and educational

background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least one woman director. The Board recognises the benefits that diversity brings to the Board. In considering the composition of the Board, directors will be mindful of:

- a. Diversity: ensuring the Board and the Company reflects the global communities in which it works;
- b. Inclusiveness: creating an environment where all board members, employees and business partners are valued and can give of their best;
- c. Meritocracy: ensuring that Board appointments are made on the basis of merit alone.

The Board delegates the search and nomination of new directors to the Committee. When considering the nomination of new directors, the Committee will evaluate the balance of skills, knowledge and experience on the Board in order to identify the capabilities desirable for a particular appointment. Such evaluations will also consider the diversity the individual brings to the overall Board and will aim to ensure as diverse a mix as possible.

9. TERMS OF APPOINTMENT, REMOVAL AND RETIREMENT

(a) Appointment criteria and qualifications

1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.
4. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended for such role shall meet the description.
5. The Company shall appoint or continue the employment of a person as managing director /whole-time director and non-executive Director who has not attained the maximum age of retirement as prescribed under Applicable Laws.
6. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board .
7. The Company shall not appoint any resigning Independent Director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an Independent Director
8. The term/tenure of the Directors, KMP and Senior Management/ other employees shall be in accordance with the Applicable Laws and their respective contracts/ terms of appointment (and shareholders and/or government approvals, where relevant).

(b) Removal

Due to reasons for any disqualification mentioned in the Applicable Laws, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the Applicable Laws.

(c) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Applicable Law and relevant policies of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the Applicable Laws.

10. REMUNERATION

(a) General

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval, in accordance with the requirements under the Applicable Laws.
2. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders in the case of Managing Director/ Whole-time Director.
3. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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.

(b) Remuneration to KMP and Senior Management

The pay program for KMP and Senior Management has been designed around three primary pay components: Base/Fixed Pay, Performance Bonus and Stock Incentives. These three components together constitute the "Total Rewards" of the KMP and Senior Management.

- a. Base/ Fixed pay: It is guaranteed pay and paid periodically, usually monthly or bi-monthly or as per payroll policy by country/ region.
- b. Performance Bonus: Cash bonus, payable on the achievement of objective and quantifiable key performance indicators (KPI) as established by the Committee.
- c. Stock Incentives: Stock or equity based incentives can be either time based or performance-based equity grants. Time based stock incentives, in the form of Employee stock options, are vested based on continuation of service. Performance based stock incentives, in the form of stock options, vest upon the achievement of certain performance parameters. The stock incentives are governed by the Stock Plans (as may be amended from time to time) as approved by the shareholders.

The total rewards for 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. The emphasis on stock incentives ensures alignment with shareholders' interests, through a continued focus on the Company's sustainable, long-term performance.

(c) Remuneration to other employees

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Chief Executive Officer/ Whole Time Director, in consultation with the Head- HR.

(d) Minimum remuneration to Directors in the event of inadequate / no profits

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors including any managing or whole-time director or manager, or any other non-executive director, including an independent director in accordance with the provisions of Schedule V of the Act.

(e) Remuneration to the Directors

The remuneration payable to each Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of Applicable Laws.

- i. Stock incentive: The Independent Directors shall not be entitled to any stock incentive of the Company.
- ii. Sitting Fees: Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees subject to statutory limit.
- iii. The remuneration / commission / compensation to the NEDs will be determined by the NRC and recommended to the Board for its approval. The NRC will determine commission based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board and will recommend to the Board, the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent on the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings. The commission will be paid to the NEDs in accordance with the Act and as approved by the shareholders from time to time.
- iv. Overall remuneration (sitting fees and commission) shall be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration its future growth imperatives and the challenges faced by the Company).

11. EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel as it thinks deems appropriate.

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the Committee shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The Board is responsible for monitoring and reviewing of the Board Evaluation framework. The Committee shall carry out evaluation of every director's performance.

The performance evaluation shall take place yearly once. It shall be the responsibility of the Chairperson of the Committee to organise the evaluation process. The appointment/re-appointment/continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process

12. POLICY IMPLEMENTATION

The NRC is responsible for recommending the nomination and the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the nomination and the remuneration policy.

13. MODIFICATIONS & REVIEW OF THE POLICY

The NRC shall review this Policy from time to time. The NRC, when it deems necessary, shall recommend the changes to the Board for its approval.

In case of any subsequent changes in the Companies Act any other regulations, which makes any of the provisions in this Policy inconsistent with the Companies Act or any other regulations, then the provision of the Companies Act or other regulations would prevail over this Policy and the provisions of this Policy would be modified in due course to make it consistent with law.

The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

The Board (including the NRC of the Board) may amend the policy from time to time depending upon the requirements of the provisions of the Companies Act and SEBI Regulations.