



Policy on Nomination, Remuneration & Evaluation (For Directors & KMP)

Version Control

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1	Board of Directors	13 th October, 2021
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1. OBJECTIVE

1.1. The objective of this Policy is to guide the Board of Directors of the Company on:

- a. Appointment and removal of Directors, Key Managerial Personnel and employees in Senior Management;
- b. Remuneration payable to the Directors, Key Managerial Personnel and employees in Senior Management;
- c. Board Diversity;
- d. Succession plan for Directors, Key Managerial Personnel and employees in Senior Management; and
- e. Evaluation of individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board.

2. REGULATORY FRAMEWORK

2.1. Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (together referred to as “**Applicable Laws**”) require the Nomination and Remuneration Committee of a company (“**NRC**”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel and other employees and to devise a policy on Board diversity.

The Applicable Laws also require NRC to lay down the evaluation criteria for performance evaluation of Board, its Committees and Individual Directors. Further, the Board of Directors is responsible for monitoring and reviewing the Board Evaluation Framework.

The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

2.2. This policy is framed as per the requirements of Applicable Laws.

3. DEFINITIONS

3.1. “Act” means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.

3.2. “Applicable Laws” means applicable provisions of the Act and the SEBI Regulations.

3.3. “Board” means the Board of Directors of the Company.

3.4. “Chief People Officer or CPO” means the person designated by the Company as such.

3.5. “Company” means Delhivery Limited.

3.6. “Directors” mean Directors of the Company.

3.7. “Independent Director” means a director referred to in Section 149(6) of the Act and under SEBI Regulations.

3.8. “Key Managerial Personnel or KMP” means

3.8.1. Chief Executive Officer or the Managing Director (MD) of the Company.

3.8.2. Executive Directors (EDs);

- 3.8.3. Chief Financial Officer;
- 3.8.4. Chief Operations Officer;
- 3.8.5. Head – New Ventures;
- 3.8.6. Managing Director and Chief Executive Officer of Material Subsidiary of the Company;
- 3.8.7. Chief People Officer;
- 3.8.8. Company Secretary; and
- 3.8.9. such other officer as may be prescribed under the applicable laws or nominated by the Board.

3.9. “MD & CEO” shall mean the Managing Director and Chief Executive Officer of the Company.

3.10. “Nomination and Remuneration Committee or NRC” means a Committee of the Board of Directors of the Company constituted under the applicable laws.

3.11. “Other KMP” means a KMP as defined in clause 3.8 other than MD/ EDs.

3.12. “Policy or this Policy” means the Policy on Nomination, Removal, Remuneration and Board Diversity.

3.13. “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.

3.14. “SEBI Regulations” mean the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

3.15. “Senior Management Personnel” or “SMP” means personnel of the Company as defined under Listing Regulations read with provisions of Companies Act, 2013 and is included in the group of KMP of the Company.

4. POLICY FOR DIRECTORS

4.1. Appointment and removal of Directors.

4.1.1. Criteria for qualifications, positive attributes and independence of Directors:

4.1.1.1. The NRC will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/ experience/ criteria of independence required from the individuals for the office of Directors including MD and EDs.

4.1.1.2. The expertise required from the Directors would be defined based on the Company’s strategy and needs.

4.1.1.3. The NRC shall review the criteria for the role and define the role specifications for the appointment.

4.1.1.4. In addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.

4.1.2. Identifying candidates who are qualified to become Directors:

4.1.2.1. The NRC shall assign the responsibility of identifying the candidate for a final interview to the Chairperson of the Board and Chairperson of NRC.

4.1.2.2. The NRC shall identify member(s) of the Board who will interview the candidate recommended to the NRC as above.

4.1.2.3. Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Directors. For discharging this duty the NRC may seek inputs from the persons responsible for identifying the candidates stated in Clause 4.1.2.1. above.

4.1.2.4. The appointment of Directors shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.

4.1.3. Term

4.1.3.1. The term of appointment of Directors shall be governed by the provisions of the applicable laws.

4.1.3.2. The term of the MD & EDs shall be governed by the prevailing policies of the Company / provisions of the applicable laws.

4.1.4. Letter of Appointment to Independent Directors

4.1.4.1. The appointment of Independent Directors shall be formalized through a letter of appointment to be issued by the Company in accordance with the applicable Laws.

4.1.5. Removal of Directors

4.1.5.1. The Removal of Directors may be warranted due to reasons such as disqualification prescribed under the applicable Laws and / or disciplinary reasons.

4.1.5.2. In regard to removal of any Directors, the NRC shall in consultation with the Chairman of the Board, review the performance and/or other factors meriting a removal and subject to the provisions of the applicable Laws and the Articles of Association of the Company, recommend to the Board its course of action.

4.1.5.3. The resultant vacancy caused by removal of Directors may be filled by the NRC in accordance with this Policy and the applicable laws.

4.1.6. Retirement of Directors

4.1.6.1. The retirement age of Directors shall be as per the applicable laws.

4.1.6.2. The retirement age of MD / EDs shall be as per the prevailing policy of the Company subject to the applicable laws.

4.1.6.3. Subject to the applicable laws, the Board shall have the discretion to retain the Directors in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4.1.6.4. The resultant vacancy caused by retirement of Directors may be filled by the NRC in accordance with this Policy and the applicable laws.

4.2. Familiarization Programme for Independent Directors

4.2.1. The Company will impart Familiarisation Programmes to Independent Directors inducted to the Board of the Company.

4.2.2. Familiarization - immediately upon appointment of Director

4.2.2.1. The Familiarization Programme of the Company will provide information relating to the Company such as the Logistics Industry, business model of the Company, business processes & policies, geographies in which Company operates etc. The programme intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme shall also provide information relating to the financial performance of the Company and budget and control processes of the Company.

4.2.2.2. The Chairman or the MD & CEO or such other officer(s) of the Company, duly authorised by the Chairman shall lead the Familiarisation Programme.

4.2.3. Annual Familiarisation processes

4.2.3.1. Every year, the Independent Directors shall be provided with periodic inputs on the business performance of the Company, through deliberations at the Committee and Board Meetings.

4.2.3.2. The Board shall discuss and note the strategic business plans and the annual financial plan through deliberations at Board Meetings or Board Retreats.

4.3. Succession Plan for Directors

4.3.1. The NRC shall develop and recommend to the Board a succession plan for the appointments made to the Board.

4.3.2. The NRC shall review such plan on an annual basis and recommend revisions, if any, to the Board.

4.4. Remuneration of Directors

4.4.1. Remuneration to MD and EDs

4.4.1.1. The remuneration payable to MD and EDs shall be determined by the NRC and recommended to the Board for approval.

4.4.1.2. Such remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required under the applicable laws and the Articles of Association of the Company.

4.4.1.3. The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws and the Articles of Association of the Company.

4.4.1.4. The remuneration shall comprise a mix of Fixed Remuneration and Variable Remuneration in the form of performance incentives. The performance incentives shall be based on the prevailing policy of the Company.

4.4.1.5. Additionally, the MD and EDs may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.

4.4.1.6. Annual revisions in the remuneration within the remuneration limits approved by the Board, shareholders/Central Government, shall be based on the prevailing policy of the Company and the same shall be recommended by the NRC to the Board. The Board shall approve such annual increases.

4.4.2. Remuneration to Non-Executive Directors (NED)

4.4.2.1. The remuneration (including revisions thereof) payable to the NED shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws; the Articles of Association of the Company and the approval of the shareholders of the Company accorded from time to time.

4.4.2.2. The NRC shall determine the remuneration to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration and recommend the same to the Board for approval.

4.4.2.3. The remuneration of NED shall comprise the following:

- a. Remuneration/Commission; and
- b. Sitting fees for attending each meeting of the Board and its Committees.

4.4.2.4. The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, industry benchmarks, role of the Director and such other relevant factors.

4.4.2.5. NEDs shall not be entitled to any stock option or stock appreciation rights of the Company.

4.4.2.6. The NRC shall determine the periodicity at which such remuneration shall be reviewed and revised.

4.4.3. Factors to be considered while determining the remuneration to MD/ EDs

While determining the remuneration to MD/ EDs, the NRC shall ensure the following:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate MD/ EDs to deliver the quality required to run the Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to MD/ EDs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4.4. Board Diversity

4.4.1. The Company's Policy on Board Diversity is annexed as Annexure I to this Policy.

4.5. Board Evaluation

4.5.1. The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC 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 evaluation of the Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the Management.

4.5.2. The Board is responsible for:

- a. monitoring and reviewing of the Board Evaluation framework;
- b. carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- c. evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.

4.5.3. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

4.5.4. Meeting of Independent Directors:

4.5.4.1. The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

4.5.4.2. Such meeting shall:

- a. review the performance of Non-independent Directors and the Board as a whole.

- b. review the performance of the Chairperson of the Board, taking into account the views of Executive Director(s) and Non-executive Directors.
- c. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- d. discuss such other matters as the Independent Directors may deem fit.

4.5.4.3. The Independent Directors may call such meeting(s) at any point of time as desired.

5. POLICY FOR OTHER KMP

5.1. Appointment and removal of Other KMP

5.1.1. Criteria for qualifications, positive attributes and independence of Other KMP:

5.1.1.1. The MD and/or EDs will have the responsibility and authority to decide the essential and desirable skills/competencies/expertise/ experience/ criteria/roles/responsibilities and independence required from the individuals for the office of other KMP.

5.1.1.2. The expertise required from the other KMP would be defined based on the Company's strategy and needs.

5.1.1.3. In addition to the above specifications the MD and/or EDs shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.

5.1.2. Identifying candidates who are qualified to become other KMP:

5.1.2.1. The MD and/or EDs shall identify the candidate based on a final interview for selection of other KMP and recommend to the NRC.

5.1.2.2. Based on the recommendation of MD and/or EDs the NRC shall consider and make a recommendation to the Board for appointment of other KMP. NRC shall have a right to interview the identified candidate.

5.1.2.3. The appointment of other KMP shall be subject to compliance with applicable laws and Articles of Association of the Company.

5.1.3. Term

5.1.3.1. The term of appointment of other KMP shall be governed by the provisions of the applicable laws.

5.1.3.2. The term of the other KMP shall be governed by the prevailing policies of the Company.

5.1.4. Removal of other KMP

5.1.4.1. The Removal of other KMP may be warranted due to reasons such as disqualification prescribed under the applicable Laws and / or disciplinary reasons.

5.1.4.2. The MD and/or EDs shall review the performance of other KMP from time to time and recommend their removal, if required, to the NRC based on factors meriting the removal.

5.1.4.3. Based on the recommendation of MD and/or EDs the NRC shall consider and recommend the removal of other KMP to the Board of Directors, subject to the provisions of applicable Laws and Articles of Association of the Company.

5.1.4.4. Based on the recommendation of MD and/or EDs, the resultant vacancy caused by removal of other KMP may be considered by the NRC and recommended to the Board for its approval in accordance with this Policy and applicable laws.

5.1.5. Retirement of other KMP

5.1.5.1. The retirement age of Other KMP & SMP shall be as per the prevailing policy of the Company subject to applicable laws.

5.1.5.2. Subject to applicable laws and on the recommendation of MD and/or EDs, the NRC shall have discretion to consider and retain the other KMP, in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company and recommend the same to the Board for its approval.

5.1.5.3. Based on the recommendation of MD and/or EDs, the resultant vacancy caused by retirement of other KMP may be considered by the NRC and recommended to the Board for its approval in accordance with this Policy and the applicable laws.

5.2. Succession Plan for other KMP

5.2.1. The MD and/or EDs shall develop and recommend to the NRC, a succession plan for the appointments of other KMP.

5.2.2. The NRC shall review such plan on an annual basis and recommend the same to the Board after its consideration.

5.3. Remuneration of other KMP

5.3.1. Remuneration to other KMP

5.3.1.1. Based on the recommendation of MD and/or EDs, the NRC shall consider and recommend to the Board the approval of the remuneration of Other KMP as per policy referred to as (Annexure II to this Policy).

5.3.2. Factors to be considered while determining the remuneration of Other KMP

While determining the remuneration to Other KMP, the MD and/or EDs shall ensure the following:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Other KMP to deliver the quality required to run the Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Other KMP involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

6. DISCLOSURE

6.1. Appropriate disclosures as required under the Applicable Laws shall be made by the Company within the prescribed time and manner.

7. GENERAL

7.1. The Policy would be subject to revision/amendment in accordance with the applicable laws.

7.2. Unless required earlier, the NRC shall review the Policy once in every two years for making suitable amendments for better implementation of the Policy.

7.3. The power to interpret and administer the Policy shall rest with the Chairperson of the NRC whose decision shall be final and binding. The Chairperson is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the NRC, from time to time, to ensure the Committee's oversight on these issues.

Annexure I

Policy on Board Diversity

Delhivery believes in and embraces the benefit of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, gender and other distinctions between Directors.

These distinctions would be considered in determining the optimum composition of the Board and when possible would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one woman Independent Director. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the committee will consider candidates on merit against objective criteria and due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of Delhivery on the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

This policy will be reviewed by the NRC once in every two years or earlier if required.

Annexure II

Remuneration of Other Key Managerial Personnel

OBJECTIVE

The objective of this policy is to outline the principles and factors that will determine the remuneration of other Key Managerial Personnel (“**Other KMP**”) and the role of the Nomination and Remuneration Committee (“**NRC**”) in this regard.

DELHIVERY’S REMUNERATION PHILOSOPHY AND PRINCIPLES

Delhivery believes that remuneration plays a vital role in terms of attracting and retaining talent that is critical for its business success. Remuneration of Other KMP will be determined in a manner so that it is competitive, reasonable and sufficient based on Delhivery’s Remuneration Philosophy and Principles.

The remuneration structure will have a right mix of guaranteed (fixed) pay and pay for performance based on business growth and other factors such as growth in shareholder value to ensure that it is competitive and reasonable.

Remuneration will be based on the following principles:

- a) the intrinsic worth and future potential of the member which ensures value of meritocracy,
- b) the extrinsic worth of the role and desired market competitiveness determined through market benchmarking studies and
- c) value add by the role which should be in line with Delhivery’s employee cost.

REMUNERATION FIXATION PROCESS

The MD and/or EDs shall propose the remuneration at the time of appointment and annual revisions based on performance evaluation for Other KMP to the NRC for its inputs and review. The remuneration would be determined taking into account the merit of each role holder and industry benchmarks relevant to Delhivery, to attract and retain talent at the right level of remuneration competitiveness and considering the business’s ability to support the employee cost. This would be line with the Company’s Policy of Remuneration for its employees. Based on the recommendation of MD and/or EDs, the NRC would consider and recommend to the Board the approval of the remuneration for Other KMP to ensure that it is competitive, reasonable and sufficient to motivate and retain the member.

POLICY APPROVAL

The NRC will approve the policy and recommend it to the Board for its approval.

POLICY REVIEW

This policy will be reviewed by the NRC once in every two years or earlier if required.