



NOMINATION GUIDING PRINCIPLES

CITICORP FINANCE (INDIA) LIMITED

OWNER: CFIL MANAGING DIRECTOR

REVIEWED BY: SECRETARIAL,
COMPLIANCE AND HUMAN
RESOURCE

CONTACT(S):
VIVEK GOMES/SAMEER
UPADHYAY
VIVEK.GOMES@CITI.COM/SAMEE
R.UPADHYAY@CITI.COM

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1. INTRODUCTION

As per the requirement of Companies Act, 2013 (“Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”) and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 (“RBI Regulation”), the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

This Nomination Guiding Principle (“Guiding Principles”) is framed in accordance with requirements of the Act, SEBI Regulations and RBI regulations. The Guiding Principles shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, appointment, removal of Director, Senior Management Personnel (“SMP”) / Key Managerial Personnel (“KMP”) and evaluation of performance of the Directors. Further, the matters relating to the remuneration/compensation of Managing Director/Whole Time Director, SMP / KMP and other employees is provided in Remuneration Guiding Principles of the Company.

2. OBJECTIVE

The Company’s board approved the Nomination and Remuneration Committee which has the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013 and SEBI Regulations.

The Guiding Principles and the Nomination and Remuneration Committee (hereinafter referred to as “NRC”) are in compliance with Section 178 of the Companies Act, 2013 read with applicable rule thereto and SEBI Regulations. The objective of these Guiding Principles is to lay down a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, appointment, removal of Director, SMP and KMP and evaluation of performance of the Directors-

3. APPLICABILITY

- a) Directors
- b) Key Managerial Personnel
- c) Senior Management Personnel.

4. DEFINITIONS

4.1. “Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

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

4.3. “Key Managerial Personnel” means

- (a) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director
- (b) Chief Financial Officer
- (c) Company Secretary

4.4. “Senior Management” means the personnel of the Company who are members of its core management team, excluding Board of Directors, and shall comprise of the following:

A. Function Heads

1. Company Secretary
2. Chief Financial Officer,
3. Chief Compliance Officer,
4. Chief Risk Officer,
5. Chief Technology / Chief Information Officer,
6. Governance Head and Holdings Business Lead
7. Treasury Head – Corporate
8. Head – Operations

B. Business Heads

1. Head – Corporate & Commercial Segment
2. Head – Trading
3. Head – Equities
4. Head – Treasury Markets

4.5. “Other employees” mean all employees other than the Directors, KMPs and the Senior Management Personnel.

4.6. “Guiding Principles” means “Nomination Guiding Principles.

5. APPOINTMENT CRITERIA AND QUALIFICATIONS

5.1 The NRC shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

5.2 The NRC may also ensure ‘fit and proper’ status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company. HR to review and confirm no conflict of interest in appointment of KMPs and senior management

5.3 A person should possess adequate qualification, expertise, and experience for the position he/ she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

5.4 As per Company’s policy, employee retirement age is fixed at 60 years however, owing to business exigencies extension can be granted with necessary approvals.

5.5 For every appointment of an independent director, the NRC shall evaluate the balance of skills,

knowledge and experience 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. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

6. TERM / TENURE

7.1 Managing Director:

The Company shall appoint any person as its Managing Director for a term not exceeding five years at a time. However, the Company may re-appointment them for next term before expiry of their current term but not earlier than one year before expiry of the term.

7.2 Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment. No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

7. EVALUATION

The Committee shall carry out a performance evaluation of every Director, KMP and Senior Management Personnel at regular intervals as prescribed under the Companies Act, 2013 and any other rules and regulations as may be applicable to the Company from time to time.

Process of Performance evaluation of Directors:

- On a yearly basis, the Secretarial department shall prepare a template for such evaluation, based on information/instruction given in the Companies Act / SEBI Regulation.
- The performance evaluation template is specific to each director and encompasses the name of the director evaluating the performance of other directors (including Managing Director and Independent Director), name of the director being evaluated and the performance evaluation criteria/parameters.
- On finalization of the template, the secretarial team will circulate it to the individual Board Members giving instruction to fill in the template and address it/send it to the identified Board member to whom he/she has to submit the performance evaluation comments.
- The identified Board Member will thereafter present the feedback in the subsequent NRC meeting.

- On receiving the feedback from the Board Members, the NRC shall discuss and disclose the outcome in its meeting. After deliberation in the NRC meeting, the outcome shall be tabled before the Board for noting.

8. REMOVAL

Due to reasons of any disqualifications mentioned in the Act, SEBI Regulations or under any other applicable laws, rules and regulations there under, the NRC may recommend to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to compliance of the said Act, rules and regulations.

9. RETIREMENT

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy/guidelines of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

10. DIVERSITY

At Citi, having a workforce as diverse as the clients and communities we serve is a key business imperative for us. Striving towards this vision, as a Company we believe that a diverse Board is necessary to ensure highest standards of Corporate Governance and to enhance the quality of deliberations and decision making. It shall be our endeavor that the Directors on the Board of the Company shall come from diverse experiences & backgrounds, possess expertise, skills and experience required to manage and guide the management team and protect the interests of various stakeholders while delivering on our business objectives. The Board shall also have an optimum combination of Executive and Non-Executive Directors with at least 1 woman director in accordance with the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time.

11. BOARD DIVERSITY

The Board shall consist of such number of Directors, including at least one women Director and such number of Independent Director as prescribed under the Act and any other statute as applicable to the Company and as is necessary to effectively manage the Company of its size.

The Committee will lead the process for Board appointments. All Board appointments will be based on the skills, diverse experience, independence, and knowledge which the Board as a whole requires to be effective.

Additionally, the Board may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, operations management etc. so as to bring diversified skill sets on board or succeed any outgoing director with the same expertise.

12. REMUNERATION TO DIRECTOR INCLUDING MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL:

The matters relating to the remuneration/compensation of Managing Director/Whole Time Director, Senior Management Personnel (“SMP”) / Key Managerial Personnel (“KMP”) and other employees is provided in Remuneration Guiding Principles of the Company.

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company shall be disclosed in the Annual Report.

Remuneration to MD/WTDs:

The remuneration determined for MD/WTDs shall be approved by the NRC and the Company Board at a meeting. which shall be subject to the approval of members at the next general meeting of the Company.

Remuneration to Independent Director:

The Independent Director may receive remuneration as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

13. DUTIES OF NOMINATION & REMUNERATION COMMITTEE

(a) The duties of the NRC in relation to Nomination matters include:

- ✓ Ensuring that there is an appropriate induction & training program in place for new Directors and reviewing its effectiveness.
- ✓ Ensuring that on appointment to the Board, Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013.
- ✓ Determining the appropriate size, diversity and composition of the Board.
- ✓ Evaluating the performance of the Board members and Senior Management in the context of the Company’s performance from business and compliance perspective.
- ✓ Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- ✓ Recommending any necessary changes to the Board.
- ✓ Considering any other matters as may be requested by the Board.

Performance evaluation of KMP and SMP will be in accordance with Remuneration Guiding Principles.

(b) The duties of the NRC in relation to remuneration matters include:

- ✓ to consider and determine the remuneration, based on the performance and bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.
- ✓ to approve the remuneration of the Senior Management including KMP of the Company.
- ✓ to delegate any of its powers to one or more of its members or the Secretary of the NRC
- ✓ to consider any other matters as may be requested by the Board.

The matters relating to the remuneration/compensation of Managing Director/Whole Time Director, SMP / KMP and other employees is provided in Remuneration Guiding Principles of the Company.

14. REVIEW AND AMENDMENT

15.1 Matters not provided for in this Policy shall be handled in accordance with the relevant laws and regulations, the Company's Articles of Association.

15.2 The NRC or the Board may review the Guiding Principles as and when it deems necessary.

15.3 These Guiding Principles may be amended or substituted by the NRC or by the Board as and when required.

CITICORP FINANCE (INDIA) LIMITED (“CFIL”) COMPENSATION POLICY

Employee compensation is a critical tool for Citi to attract and retain top talent and successfully execute our corporate goals. Effective compensation programs appropriately balance the incentives offered to employees who take risks to achieve financial and competitive performance objectives and the need to prudently manage those risks along with other imperatives.

The Personnel and Compensation Committee of Citi’s Board of Directors (the “Committee”) oversees the design and operation of Citi’s compensation programs. To assist with this objective, the Committee is advised by its independent consultants and delegates certain tasks to Citi management as appropriate. Citi routinely reviews and revises our compensation programs to reflect changing circumstances. We use such programs as tools to help Citi properly balance risk-taking and risk-mitigating incentives.

Citi’s Principal Compensation Objectives

The principal objectives of our compensation program are listed below:

- Incentivize conduct that aligns with shareholder and other stakeholder interests
- Reinforce a business culture based on accountability, achieving excellence and maintaining the highest ethical and control standards through Citi’s Leadership Principles
- Encourage prudent individual and group decision-making in regards to risk consistent with applicable regulatory guidance and Citi’s Mission and Value Proposition Statement
- Function as a tool to attract and retain the best talent and to reward talent for engaging in appropriate behaviors that support Citi’s corporate goals
- Encourage behaviors that are in the best interests of our customers, shareholders and the goals of the organization, including environmental and social principles
- Align realized pay with achievement of important risk and control, regulatory, strategic and financial-based objectives

Shareholder and Other Stakeholder Alignment

- Use a scorecard approach with financial metrics and nonfinancial objectives, including a focus on environmental, social and corporate governance, to link pay to performance to compensate executives and other senior managers.
- Provide meaningful portions of incentive compensation for executives and other senior managers in the form of equity to help to build a culture of ownership and to align employee interests with those of shareholders.
- Defer the delivery of significant portions of equity-based incentive compensation for executives and other senior managers over a number of years to tie compensation earned to the returns of long-term shareholders.

- Require that executive officers maintain an ownership of 75% of the net shares granted through incentive compensation programs for so long as they remain executive officers.
- Require that executive officers hold a substantial amount of Citi stock for at least one year after the end of their service as executive officers.

Ethics, Culture and Leadership Principles

- Develop a culture that supports accountability and an environment that discourages unethical conduct, through appropriate and consistent compensation and employment decisions.
- Embody Citi's Leadership Principles that represent the qualities, behaviors and expectations we all must exhibit to deliver on our mission of enabling growth and economic progress by:
 - o We Take Ownership - challenging one another to a higher standard in everything we do
 - o We Deliver with Pride - striving for client excellence, controls excellence and operational excellence
 - o We Succeed Together - valuing and learning from different perspectives to surpass stakeholder expectations
- Ensure that compensation decisions across our workforce are equitable.
- Communicate throughout the organization that acting with integrity at all times is the foundation of our business and ensure that senior leadership's tone reflects Citi's ethical standards and culture.
- Promote culture and conduct through performance assessments, incentive compensation programs and, where appropriate, disciplinary actions

Risk Management and Regulatory Guidance

- Design incentives that reward a thoughtful balance of risk and return and penalize undue risk-taking.
- Exercise discretion concerning risk-related compensation outcomes in a disciplined, proportionate and consistent manner.
- Encourage prudent risk-taking by all employees who manage or influence material risks through a combination of design features, including (a) rigorous performance management processes, (b) discretionary compensation funding and individual bonus determination processes that reflect risk-adjusted performance, and (c) deferrals that keep a meaningful portion of incentives at risk for future performance and control outcomes.
- Retrospectively and periodically evaluate incentive compensation program results, recognizing that validation and monitoring may reveal inconsistent application of standards or the inappropriate exercise of discretion, and then make adjustments to in-process and future compensation decisions when necessary.
- Communicate clearly to all employees that poor risk and control management practices and imprudent risk-taking activity will lead to an adverse impact on incentive

compensation, including the loss of incentive compensation and the reduction or elimination of previously awarded incentive compensation.

- Reinforce consistent shared accountability through the organization, starting with the Executive Management Team.
- Involve Citi's Independent Risk, Independent Compliance Risk Management and Internal Audit functions in compensation governance and oversight.
- Design incentive compensation programs with the recognition that global regulation of bank incentive compensation is continuously evolving and that Citi's programs must be responsive to these regulations, emerging trends and best practices.
- Where appropriate, develop innovative and industry-leading approaches that reflect regulatory considerations in compensation structures and designs.

Attract, Retain and Reward Talent

- Provide compensation programs that are competitive within global financial services to attract the best talent to successfully execute the company's strategy.
- Differentiate individual compensation to reflect employees' current or prospective contributions, based on both financial and non-financial performance, such as risk and control behaviors, and to reward those employees who demonstrate ingenuity and leadership.
- Clearly and consistently communicate Citi's approach to compensation throughout the year, cascading such communications broadly to employees through key value statements such as Citi's Code of Conduct, Leadership Principles and the statements and actions of senior management and managers generally.

Encourage the Best Behaviors

- Provide for adjustment, cancellation and clawback of incentive compensation in cases of improper risk-taking, misconduct, and material adverse outcomes.
- Compensate employees based on the achievement of goals, embodiment of Citi's Leadership Principles, and risk-adjusted performance demonstrated over time, balanced with appropriate recognition for short-term results and contributions.
- Exercise discretion in disciplined and predictable ways to enhance the incentive for, and perceived value of, good performance and the certainty of equitable and proportionate consequences of inappropriate conduct.

Align Pay with Performance

- Adjust compensation from year-to-year and over extended periods to reflect market rates as well as overall Citi and individual executive performance, with goals tied to key areas of accountability and factors that each executive influences including:
 - o Risk and Controls performance
 - o Financial performance
 - o Client / Franchise performance
 - o Leadership performance