



emami* limited

Nomination and Remuneration Policy

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Nomination and Remuneration Policy

1. Preamble

- a) The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of the Company (collectively referred to as "**Executives**"). The expression "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.
- b) In terms of Section 178 of the Companies Act, 2013, this Remuneration Policy ("the Policy") is being framed and formulated for laying down criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Executives.
- c) The policy will be reviewed by the Nomination and Remuneration Committee of the Board of Directors as and when required.

2. Aims & Objectives

- a) The aims and objectives of this remuneration policy may be summarized as follows:
 - i. The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level.
 - ii. The remuneration policy seeks to enable the company to provide a well- balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
 - iii. The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
 - iv. The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management 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.

3. Principles of remuneration

- a) Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.



- b) Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- c) Internal equity: The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- d) External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- e) Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- f) Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- g) Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Nomination and Remuneration Committee

- a) The Remuneration Committee of the Board of Directors has been re-named as the Nomination and Remuneration Committee. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be Independent Directors.
- b) The Committee shall be responsible for:
 - i. Formulating framework and/ or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc., for executives and reviewing it on a periodic basis;
 - ii. Formulating criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Executives.
 - iii. Identifying 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, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
 - iv. Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;



- c) The Committee shall:
 - i. Review the ongoing appropriateness and relevance of the remuneration policy;
 - ii. Ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
 - iii. Ensure that no director or executive is involved in any decisions as to their own remuneration.
 - iv. For every appointment of an Independent Director, 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 and the person recommended to the Board for appointment shall have the capabilities identified. The committee may use the services of an external agency, consider individuals from a wide range of backgrounds, having due regard to diversity, and consider their time commitments.
- d) Without prejudice to the generality of the terms of reference to the committee set out above, the committee shall:
 - i. Operate the Company's share option schemes (if any) or other incentives schemes (if any). It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
 - ii. Liaise with the trustee/ custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and
 - iii. Review the terms of executive Directors' service contracts from time to time.

5. Procedure for selection and appointment of the Board Members

a) Board membership criteria

- i. The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of Board Members for the better management of the Company. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.
- ii. In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.
- iii. Director should possess the highest personal and professional ethics, integrity and values. They should



be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

- iv. In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
 - v. The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business.
- b) **Selection of Board Members/ extending invitation to a potential director to join the Board**
- i. 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 also identifies 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.
 - ii. The Board then makes an invitation to the new member to join the Board as a Director. On acceptance of the same, the new Director may be appointed by the Board, on due compliance of relevant provision of laws.

6. Procedure for selection and appointment of Executives other than Board Members:

- a) The Company shall establish a structure for appointment of candidates for the positions of KMP and SMP within the Company, considering the academic qualifications, professional attributes, detailed work experience and all concurrently held positions;
- b) Upon the appointment of the KMP/ SMP, the relevant information of the appointee shall be submitted to the Board of Directors;

7. Compensation Structure

a) Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees, and are also paid commission under the provisions of section 197 of Companies Act, 2013 as decided by the Board. The said sitting fees paid to the Non-executive Directors for the Board and Committee meetings are fixed by the Board and reviewed from time to time in



accordance with the applicable law. Keeping with evolving trends in industries and considering the time and efforts spent by specific non-executive directors and based on their participation, contribution and active role in the Board and strategic matters of the Company, the practice of paying differential commission will be considered by the Board.

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 are 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 are approved by the Board of Directors and members at the next general meeting of the Company in case such appointment is at variance to the conditions specified in Schedule V. The Executive Directors are not entitled for sitting fees to attend the meetings.

8. Supplementary provisions

- a) This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- b) Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.
- c) The right to interpret this Policy vests in the Board of Directors of the Company.