

Akzo Nobel India Limited
Terms of Reference of Nomination and Remuneration
Committee and
Nomination and Remuneration Policy

This Remuneration Policy relating the Directors and Key Managerial Personnel (KMP) has been formulated by the Nomination and Remuneration Committee (hereinafter referred to as “NRC”) and approved by the Board of Directors.

Constitution:

The name of the Committee shall be ‘Nomination & Remuneration Committee’.

The Chairperson of the nomination and remuneration committee shall be an independent

Director: Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee. The Managing Director shall be permanent invitee to the Committee.

The committee shall comprise of at least three directors;

- (a) all directors of the committee shall be non-executive directors; and
- (b) at least two third of the directors shall be independent directors

The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The Company Secretary shall be the Secretary of the Committee.

The nomination and remuneration committee shall meet at least once in a year.

The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson of the Board to decide who shall answer the queries.

Objectives:

The objectives of this policy are to stipulate criteria for:

- Appointment, reappointment, removal of Directors and KMPs.
- Determining qualifications, positive attributes and independence of a director and recommend to the Board.
- Retention, motivation and promotion of talent and to ensure long term sustainability of talented managerial persons and creation of competitive advantage to run the operations of the Company successfully.
- Considering and determining the remuneration, based on rewards and recognition principles of the Company.

Definitions:

- 'Board' means Board of Directors of the .
- 'Directors' means Executive Directors, Non-Executive Directors and/ or Independent Directors of the Company.
- 'Key Managerial Personnel (KMP)' means
 - i) the Managing Director
 - ii) the Chief Financial Officer
 - iii) the Company Secretary;
 - iv) the HR Head;
 - v) Any other person as defined under the Companies Act, 2013 from time to time

Matters to be dealt with, perused and recommended to the Board by the NRC

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

- a) Directors and Board Diversity: Formulating the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise, experience and diversity for the position, as may be required by the provisions of the Companies Act, 2013, rules made thereunder or any other enactment for the time being in force and other relevant regulations.
- b) For every appointment of an independent director, the Nomination and Remuneration 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. 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
- c) Succession plans: Establishing and reviewing succession plans of Board and KMP in line with Company policy in order to ensure and maintain an appropriate balance of skills, experience and expertise and recommend to the Board of Directors their appointment and removal.
- d) Evaluation of performance:
 - i. Formulating 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.

- ii. Formulating the criteria for the remuneration of the Directors and KMP in line with the company's policy, provisions of the Companies Act, 2013, rules made thereunder or any other enactment for the time being in force (refer 'Criteria for Remuneration' below).
- iii. Ensuring that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.
- iv. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors.

Criteria for appointment

The appointment of Directors and KMPs shall be based on the followings criteria:

- Personal characteristics in line with the Company's core values and code of conduct
- Age, number of years of service, specific area of business and period of employment or association with the Company
- Optimal balance of skills, experience and qualifications
- Special achievements and operational efficiency
- Constructive and active participation in the affairs of the Company
- Exercising the responsibilities in a bona fide manner in the interest of the Company
- Compliance with the rules, policies and values of the Company
- Transparent, unbiased and impartial with appropriate levels of confidentiality
- No present or potential conflict of interest
- Age criteria: Directorship of any person as a Non-Executive Director is limited to the age of seventy years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. Age criteria for Executive Directors will be as per Company policy and reviewed from time to time.
- Terms and Tenure: Directors may be appointed for a term of 3 years, which may be extended for another term of 3 years, subject to shareholder approval.

Specific to Directors

- Composition of the Board, taking into consideration the size of the Company and consistent with the requirement of law;
- Diversity on the Board;
- Independence in case of Independent Directors
- Any other criteria which may be added by the Board at its discretion.

Criteria for Remuneration

The Remuneration Policy reflects on certain guiding principles of the Company such as aligning remuneration with the longer-term interests of the Company and its shareholders, promoting a culture of meritocracy and creating a linkage to corporate and individual performance, and emphasizing on line expertise and market competitiveness so as to attract the best talent. It also ensures the effective recognition of performance and encourages a focus on achieving superior operational results.

The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate the directors and KMP to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve adequate balance between fixed and variable components reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

The remuneration payable to each Non-Executive 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, company's policy and the provisions of the Companies Act, 2013 and the rules made thereunder. The remuneration to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by the shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act 2013. Non-Executive Directors other than those who are employed with the parent Company are paid a sitting fee of Rs 50,000/-per meeting and Commission as approved by the Board/Shareholders from time to time.

Process of Appointment

Appointment of Directors and KMPs will be in compliance with the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder or any other enactment for the time being in force including Listing Regulations.

The job description in case of KMPs will be pre aligned with NRC before search. The NRC will be apprised of the appointment status of Directors and KMPs at appropriate intervals. NRC will be consulted for the final two shortlisted candidates. In case of CFO appointment (in addition to NRC), the Audit Chairperson will be consulted and approval of the Audit Committee will be a pre-requisite.

Policy review

This policy is framed based on the provisions of the Companies Act 2013 and rules thereunder and other relevant regulations, in line with the Company's objectives and shareholders' interests. In case of any subsequent changes in the provisions of the Companies Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the

provisions in the policy would be modified in due course to make it consistent with law.

Last amended by the Board on 11 February 2022