



UNIPARTS INDIA LIMITED

NOMINATION & REMUNERATION POLICY



1. Objective and purpose of the Policy

The Company has formulated a Nomination and Remuneration Policy (the “Policy”) to provide guidance on (a) Selection and nomination of Directors to the Board of the Company ;(b) Appointment of the Senior Managerial Personnel of the Company and (c) Remuneration of Directors, Key Managerial Personnel and other employees of the Company. Head Human Resources will discuss the remuneration philosophy of the Group with the Nomination and Remuneration Committee at least once in a year before making the increment effective and payment of incentives.

2. General

This Policy is divided in five parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and nomination;

Part – C covers remuneration and perquisites etc.; and

Part – D covers Familiarization Program

Part – E covers ESOP & other functions

Part –A-Matters to be dealt with, perused and recommended to the Board

The following matters shall be dealt by the Committee:

- (a) Size and composition of the Board: Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;
- (b) Directors: The Committee shall consider the following aspects while recommending appointment of a person to the Board as a Director
 - The candidate shall have appropriate skill, qualifications, experience, positive attributes and independence
 - The number of companies in which the candidate holds directorship which should be as per applicable laws
 - The candidate to have the ability to exercise sound business judgement, willingness to devote time
 - Good Moral reputation
- (c) Senior Management: Senior Management shall mean the following employees.
 - (i) Managing Directors, Whole Time Directors,
 - (ii) Chief Executive Officer (CEO), Chief Operating Officer (COO) and one level below COO and CEO,
 - (iii) Chief Financial Officer (CFO) and
 - (iv) Company Secretary.
- (d) Succession plans:
Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;
- (e) Evaluation of performance:
Make recommendations to the Board on appropriate performance criteria for the Directors as and when required. Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company. Identify training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties. To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.



(f) Board diversity:

The Board shall consist of such optimum number of Directors as per the requirements of the Act and Listing Regulations, including at least one women Director. The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge, skill and perspective in the Board, in accordance with the Board Diversity policy which is as under:

- 1) The Committee shall address Board vacancies by actively considering candidates that bring a diversity of background and industry experience or related expertise. The candidates will be considered against objective criteria having due regard to the benefits of diversity on the Board.
- 2) Additionally, the Committee may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing, business development, international business, operations management or any other professional area, so as to bring diversified skill sets on Board or succeed any outgoing Director with the same expertise. Accordingly, the Committee shall:
 - a. assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
 - b. make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
 - c. periodically review and report to the Board requirements, if any, in relation to diversity on the Board.
- 3) The Committee will review the Board Diversity Policy periodically and recommend appropriate revisions to the Board as Committee may deem fit.

(g) Remuneration framework and policies:

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

- (a) the remuneration of the Managing Director, Whole-time Directors and KMPs
- (b) the total level of remuneration of Non-Executive Directors and for individual remuneration for Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- (c) the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, equity awards, retirement rights 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; and
 - (iii) be reasonable and fair, having regard to best governance practices and legal requirements.
- (d) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements;

PART – B Policy for appointment and nomination of Director, KMPs & Senior Management)

Appointment criteria and qualifications

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
2. A person to be appointed as Director, KMP or senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
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, complementary skills in relation to the other Board members.



4. 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 of Directors of the Company.
5. The Company shall not appoint or continue the employment of any person as Whole-Time Director/ Managing Director/Manager who has attained the age of 70 (seventy) years. Provided that the term of the person holding this position may be extended beyond the age of 70 (seventy) years with the approval of Shareholders by passing a Special Resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond 70 (seventy) years.

Retirement

The Directors, KMP and any other person in senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and any other person in senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

PART – C Remuneration & Perquisites

General

1. The remuneration / compensation / commission etc. to any Director will be determined by the Committee and recommended to the Board for approval and the same shall be in accordance with the provisions of the Companies Act, 2013 & the rules made thereunder and the Listing Regulations.
2. If any insurance is taken by the Company on behalf of its Directors, Managing Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, the Company Secretary and / or any 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.

Remuneration to KMPs and other employees

The policy on remuneration for KMPs and other employees is as below:-

The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the KMPs, Senior Management Personnel and other employees. These guidelines are as under:

a) Annual Remuneration

Annual Remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component, if any, based on the extent of achievement of the individual's objectives and performance of the business unit.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

Remuneration to Non-Executive / Independent Directors

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board and as mentioned in the Articles of Association, which is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.



- (i) **Sitting Fees** – The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act, 2013. The board of directors shall recommend all fees or remuneration, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting.
- (ii) **Annual Remuneration** -- The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds the limits prescribed under the Listing Regulations.
- (iii) **Stock Options**-- The Independent Directors shall not be entitled to any stock option of the Company.

Part – D Familiarization Programs

The Committee shall familiarize the Independent Directors through various programs about the Company, including the following:

- (a) nature of the industry in which the Company operates;
- (b) business model of the Company;
- (c) roles, rights, responsibilities of Independent Directors; and
- (d) any other relevant information.

Part – E ESOP & other functions

Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
