

LOTTE INDIA CORPORATION LIMITED REMUNERATION AND NOMINATION POLICY

1. Purpose of this Policy:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP 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.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Remuneration and Nomination Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

- a) **Director** means a member of Board and includes Managing Director, Whole Time Director, Non Executive Director, Independent Director.
- b) **Independent Director** means a director referred to in Section 149(6) of the Act.
- c) **Key Managerial Personnel** (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.
- d) **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him, perquisites and incentive as applicable.
- e) **Senior Management** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.
- f) **Committee** means the Remuneration & Nomination committee of the Board.

3. Applicability of this policy

- (a) Directors (Executive/ Non Executive / Independent)
- (b) Key Managerial Personnel
- (c) Senior Management Personnel

4. Role of the Committee:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) ensure that the level and composition of remuneration is reasonable and sufficient to attract , retain and motivate directors.
- c) Ensure that the relationship between remuneration and of performance is clear and meets appropriate performance benchmarks.
- d) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- e) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- f) Recommend to the Board in respect of appointment, remuneration and removal of Director, KMP and Senior Management;

5. Appointment, term, evaluation and removal of Director, KMP and Senior Management:

Appointment criteria and qualification:

The Company believes that having a diverse Board of Directors is essential

- To achieve effective corporate governance and sustainable commercial success of the Company.

- To make good use of differences in the skills, knowledge, integrity, regional and industry experience and other distinctions amongst Directors.

While appointing the Directors, the Committee shall take into account the above rules of diversity in order to identify and ascertain the integrity, qualification, expertise and experience of the person and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, the Managing Director or Whole Time Director is authorised to identify and appoint a suitable person for such position and if need be, after consulting the Committee / Board for guidance.

Term of appointment

The Term of the Directors including Managing / Wholetime Director / Independent Director shall be governed as per the provisions of the Act , Rules and any amendments made thereunder.

The term of the KMP (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

Evaluation of performance.

Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;

Once a year, the Committee shall carry out evaluation of performance of every Director including independent director. The evaluation process / criteria for the Board and the Independent Directors shall be broadly based on:

- a) Knowledge to perform the role;
- b) Time and level of participation;
- c) Performance of duties and level of oversight; and
- d) Professional conduct and independence.

The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

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

Separate Meeting of Independent Directors to evaluate the performance of Non-independent directors: As required by the provisions of Schedule IV to the Act, 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. The 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 Company, taking into account the views of Executive Directors and Non- executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations or amendments thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

6. Remuneration:

While determining the remuneration, the Committee shall ensure that the remuneration package involves a balance between fixed

and incentive pay reflecting the short and long term performance objectives appropriate to the Company's goals.

Remuneration to Managing / Whole Time Director

Subject to the provisions of Companies Act, 2013 and rules made thereunder, The remuneration / compensation / commission, etc., as the case may be, to the Managing / Wholetime Director will be determined by the Committee and recommended to the Board for approval.

Remuneration to Non-executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / Shareholders.

Remuneration to KMP / Senior Managment personnel.

The Remuneration to KMP / Senior Management personnel shall be in accordance with HR policy of the Company or as may be decided by the Committee.

7.Review of the Policy:

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also to comply the provisions of Companies Act, 2013 as amended from time to time.
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