

**UNITED VAN DER HORST LIMITED**  
**NOMINATION AND REMUNERATION POLICY**

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### **Introduction:**

Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (**‘Listing Regulations’**) mandates every Listed Company to constitute a Nomination and Remuneration Committee of the Board of Directors.

Section 178(3) of the Companies Act, 2013 directs the Nomination and Remuneration Committee of the Company to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel, and other employees of the Company.

This Nomination and Remuneration Policy of United Van Der Horst Limited (**‘Company’**) is formulated under the Companies Act, 2013, the Listing Regulations, and other laws as may be applicable.

### **Objective and Purpose: -**

The Nomination and Remuneration Committee of the Company shall refer to this policy for the following purposes:

1. To identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
2. To specify the manner and criteria for effective evaluation of the performance of the Board, its Committees, Independent Directors, and Individual Directors to be carried out either by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and to review its implementation and compliance.
3. To recommend to the Board the remuneration of the Directors, Key Managerial Personnel, and other employees including all remuneration, in whatever form, payable to senior management.
4. To formulate the criteria for determining qualifications, positive attributes, and independence of a Director.
5. To decide 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
6. To ensure that
  - a. 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;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. 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

7. To prepare a description of the role and capabilities required of an Independent Director based on the evaluation of the balance of skills, knowledge and experience on the Board
8. To devise a policy on the diversity of the Board of Directors.

### **Terms and Definitions:**

As used in this Code:

- 1) **“Board”** means the Board of Directors of the Company.
- 2) **“Company”** means **United Van Der Horst Ltd.**
- 3) **“Committee”** means the Nomination and Remuneration Committee of the Board.
- 4) **“Director”** shall have the meaning assigned to it under the Companies Act, 2013.
- 5) **“Independent Director”** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules thereunder, and Listing Regulations
- 6) **“Key Managerial Person”** shall have the meaning assigned to it under the Companies Act, 2013.
- 7) **“Senior Management”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Words and expressions used but not defined in this code shall have the same meaning assigned to them in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 and the rules made thereunder, as the case may be or in any amendment thereto.

### **Scope:**

The Nomination and Remuneration Policy of the Company applies to the Directors, Key Managerial Personnel and Senior Management of the Company.

### **Terms of Reference and matters to be dealt with by the Nomination and Remuneration Committee:**

1. **Identification and recommendation of candidates for appointment as Directors, KMP and Senior Management:**

The Committee shall identify 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 and recommend to the Board their appointment and removal. In this regard, the Committee

may rely on the Company's management, or external search firm(s), or a mix of both, as the Committee deems fit from time to time.

## **2. Size and Composition of the Board:**

The Committee shall periodically review the size and composition of the Board to:

- i. have an appropriate mix of executive, non-executive and independent directors to maintain its independence and separate its functions of governance and management, and
- ii. ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company

The Committee shall also assist the Board in ensuring that the Board nomination process is in line with the policy on diversity of the Board.

## **3. Formulation of criteria and recommendation of Policy:**

The Committee shall formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, KMP and other employees.

For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge, and experience on the Board and based on 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. To identify suitable candidates, the Committee may:

- (i) use the services of external agencies, if required;
- (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates.

## **4. Succession Plans:**

The Committee shall establish and review succession plans of the Board, KMP and Senior Management in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management

## **5. Evaluation of Performance:**

The Committee shall:

- i. make recommendations to the Board on appropriate performance criteria for the Directors.
- ii. formulate 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.

- iii. identify ongoing training and education programs for the Board to ensure that non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

## **6. Remuneration Framework and Policies**

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

- a. Remuneration of whole-time Directors to be presented for shareholders' approval including severance, if any.
- b. Individual and total remuneration of non-executive Directors and the chairperson (if non-executive), including any additional fees payable for membership of Board committees;
- c. the remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay, if any, 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
  - iii. be reasonable and fair, having regard to best governance practices and legal requirements and
  - iv. balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.
- d. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements;

### **Guidelines for appointment and removal of Directors, KMP and Senior Management:**

#### **1. Appointment Criteria and Qualifications**

- a. The Committee shall ascertain the integrity, qualification, expertise, and experience of the person identified for appointment as Director, KMP, or Senior Management and recommend to the Board his/her appointment. The Committee has the discretion to decide whether the qualifications, expertise, and experience possessed by a person are sufficient/satisfactory for the position.
- b. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
- c. A person, to be appointed as Director, should possess an impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.
- d. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge, and experience on the Board and based on such evaluation, prepare a description of the role and capabilities required of an

independent director. The person recommended for such a role shall meet the description.

- e. The Company shall appoint or continue the employment of a person as Managing Director /Whole-Time Director and Non-Executive Director who has not attained the maximum age of retirement as prescribed under Applicable Laws. However, the Company may appoint or continue such employment beyond the maximum age of retirement prescribed under Applicable Laws, subject to the passing of a Special Resolution by the Shareholders.
- f. 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.
- g. The term/tenure of the Directors, KMP and Senior Management/ other employees shall be in accordance with the Applicable Laws and their respective contracts/terms of appointment (and shareholders and/or government approvals, where relevant).

## **2. Removal**

Due to any reason of disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules, and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

## **3. Retirement**

The Directors, KMP, and Senior Management shall retire as per the provisions of the Applicable Law, relevant policies of the Company, and the terms of their appointment. The Board will have the discretion to retain the Directors, KMP, and Senior Management in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the Applicable Laws.

### **Guidelines for the remuneration for Directors, KMP and Senior Management:**

#### **1. General**

- a. No Director/KMP/Senior Management personnel/other employee shall be involved in deciding his or her remuneration.
- b. The trend prevalent in a similar industry, nature, and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- c. The remuneration/compensation/commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval, in accordance with the requirements under the Applicable Laws.
- d. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders in the case of Managing Director/ Whole-time Director.
- e. Whenever there is any deviation from the Policy, the justification /reasons should also be indicated/disclosed adequately by the Committee to the Board.

- f. Remuneration packages should strike a balance between fixed, and incentive pay, where applicable, reflecting short and long-term performance objectives appropriate to the Company's working and goals.
- g. The Remuneration package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including the complexity of his job, work duration and risks associated with the work, and the attitude of the employee like, positive outlook, teamwork, loyalty, etc.

## 2. Remuneration component for Directors, KMP, Senior Management and other employees:

The following shall be the various remuneration components that may be paid to the Directors, KMP, Senior Management and other employees (**‘Personnel’**) of the Company based on the designation and class of the personnel:

- a. **Fixed Compensation:** The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
- b. **Variable compensation:** The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long-term performance objectives and the performance of the Company.
- c. **Share-based payments:** The Board may, on the recommendation of the NRC, issue to a certain class of personnel a share and share price-related incentive program.
- d. **Non-monetary benefits:** The personnel of the Company may, on a case-to-case basis, be awarded customary non-monetary benefits such as discounted salary advance/credit facility, rent-free accommodation, Company cars with or without chauffeur, share and share price related incentive, reimbursement of electricity and telephone bills, etc.
- e. **Gratuity/group insurance:** Personnel may also be awarded group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.
- f. **Commission:** The Directors may be paid a commission if approved by the shareholders. The shareholders may authorize the Board to declare a commission to be paid to any director of the Board.

**Entitlement:** The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

Designation	To be determined by
Director	Board on the recommendation of the Committee, within the limits approved by shareholders.
KMP and Senior Management	Board on the recommendation of Committee
Other Employees	Human Resources Head

## 3. Additional Guidelines for making payments to Non-Executive Directors:

With changes in the Corporate Governance norms, the role and responsibilities of Non-Executive Directors (‘NED’) and the degree and quality of their engagement with the Board have undergone a substantial change over a period of time. The Non-Executive Directors

bring a wider perspective to the deliberations and decision-making of the Board which adds value to the Company. They also play a crucial role in the Independent functioning of the Board. The following are the criteria for making payments to Non-Executive Directors of the Company:

- a. **Sitting Fees:** The Non-executive Director(s) shall receive Sitting fees for attending meetings of the Board or Committee thereof or any other meeting as required by the Companies Act, 2013, the Listing Regulations, or other applicable law.
- b. **Remuneration:** Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its Non-Executive Director(s) at a specified percentage of the net profits of the Company as commission. The remuneration referred to above may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.
- c. **Reimbursement of actual expenses incurred:** Non-executive Director(s) may also be paid/reimbursed such sums incurred as actual for travel, incidental and/or actual out-of-pocket expenses incurred by such Director / Member for attending Board / Committee Meetings.
- d. **Payment to Independent Directors:** An Independent Director shall not be entitled to any stock option and shall receive Sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit-related remuneration up to a specified percentage of net profits in such proportion, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

#### **4. Minimum Remuneration to Directors in the event of inadequate/no profits:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors including any managing or whole-time director or manager, or any other non-executive director, including an independent director in accordance with the provisions of Schedule V of the Act.

#### **Review and Revisions:**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

Any changes or modifications to the Policy as recommended by the Committee would be placed before the Board for their approval.

In any circumstance, where the terms of this Policy differ from any law, rule, regulation, etc. for the time being in force, the law, rule, regulation, etc. shall take precedence over this Policy.

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