

# **SPECTRUM FOODS LIMITED**

## **Criteria of making payments to non-executive directors**

### **1. Introduction**

The Nomination & Remuneration Policy (“Policy”) of SPECTRUM FOODS LIMITED (“SFL” or “Company”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”).

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

### **2. Objective and Purpose**

The objectives and purpose of this Policy are:

To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company (“Director”); and

To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“Board”).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation that are subject to approval of the Board.

### **3. Constitution of the Nomination and Remuneration Committee**

The Board has constituted the “Nomination and Remuneration Committee” in line with the requirements under the Companies Act, 2013 (“Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time. Membership of the Committee shall be disclosed in the Annual Report. The terms of the Committee shall be continuing unless terminated by the Board of Directors.

### **4. Definitions**

- a. ‘Board’ means Board of Directors of the Company.
- b. ‘Directors’ means directors of the Company.

- c. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- d. 'Company' means Spectrum Foods Limited.
- e. 'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- f. 'Key Managerial Personnel (KMP)' means
- i. the Managing Director or Chief Executive Officer or manager
  - ii. Whole-time Director
  - iii. the Company Secretary;
  - iv. the Chief Financial Officer; and
  - v. Any other person as defined under the Companies Act, 2013 from time to time
- g. Senior Management means officers/personnel of the Company who are members of its core management team. The core management team includes Chief Executive Officer, Managing Director, Chief Operating Officer & Whole-time Director, Presidents, Group General Counsel, Head-HRD, Chief Financial Officer and Company Secretary.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **5. General**

This Policy is divided in three parts: -

- Part – A covers the matters to be dealt with and recommended by the Committee to the Board;  
Part – B covers the appointment and removal of Directors, KMP and Senior Management; and  
Part – C covers remuneration for Directors, KMP and Senior Management

### **Part – A**

#### **Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

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

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

(b) Directors:

Formulate 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 and experience for the position.

(c) Succession plans:

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(d) Evaluation of performance:

(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.

(e) Board diversity:

The Committee is to assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to gender, thought, experience, knowledge and perspectives.

(f) Remuneration framework and policies:

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

a. Remuneration of executive 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.

d. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements;

## **PART – B**

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

#### **(a) Appointment criteria and qualifications**

1. 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 discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

2. 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.

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 and complementary skills in relation to the other Board members.

4. The Company shall not appoint or continue the employment of any person as Managing Director /executive Director who has attained the age of sixty years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of sixty years/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 sixty years/seventy years as the case may be.

5. 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.

### **(b) Term / Tenure**

#### 1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### 2. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves, is restricted to applicable regulations in force.

### **(c) Removal**

Due to reasons for any 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.

### **(d) Retirement**

The Directors, KMP and Senior Management 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 Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

## **PART – C**

### **Policy relating to the remuneration for Directors, KMP and Senior Management**

#### **(a) General**

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. 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.
4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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.

#### **(b) Remuneration to KMP and Senior Management**

The pay program for KMP and Senior Management has been designed as the Base/Fixed Pay and Performance Bonus, if any. These components together constitute the “Total Rewards” of the KMP and Senior Management.

1. Base/ Fixed pay: It is guaranteed pay and paid periodically, usually monthly or bi-monthly or as per payroll policy by country.
2. Performance Bonus: Cash bonus, payable on the achievement of objective and quantifiable key performance indicators (KPI) as established by the Committee.

The total rewards for KMP and Senior Management is designed to ensure their continued alignment with organizational goals. The Committee aims to ensure that KMP and Senior Management pay is reflective of market pay, consisting of a mix of base/ fixed pay and performance bonus. The emphasis on stock incentives ensures alignment with shareholders’ interests, through a continued focus on the Company’s sustainable, long term performance.

#### **(c) Remuneration to other employees**

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Managing Director, in consultation with the Head- HR.

#### **(d) Minimum remuneration to Whole-time Directors**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

(e) Remuneration to Non-Executive / Independent Directors

- i. Remuneration: 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, and the provisions of the Companies Act, 2013 and the rules made there under.
- ii. Stock incentive: The Independent Directors shall not be entitled to any stock incentive of the Company.
- iii. The remuneration to the Non-executive Directors (including Independent Directors) are entitled to sitting fees as determined by Board from time to time for attending Board / Committee meetings thereof and approved by shareholders, subject to the limit not exceeding the amount computed as per the applicable provisions of the Companies Act, 2013.

**6. Policy on Board diversity:**

The Board shall comprise of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, Human Resource management, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least one women director.

**7. Changes amongst Directors, Key Managerial Personnel:**

The Committee may recommend to the Board, changes in Board or Key Managerial Personnel subject to the provisions of the Act, Listing Regulations and applicable Company's policies i.e., Rules and Regulation of Service and Conduct for M&SS, Code of Business Conduct and Principles of legal compliance framed and adopted by the Company from time to time. The Key Managerial Personnel shall superannuate as per the applicable provisions of the regulation and prevailing policy of the Company. The Board of Directors will have the discretion to retain the Key Managerial Personnel in the same position / remuneration or revised remuneration after attaining the date of superannuation for organisational development reasons.

**8. Minutes of Committee Meeting:**

The Proceedings of all the "Nomination & Remuneration Committee" meetings must be minute and signed by the Chairman of the Committee. The minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

## **9. Policy review**

(a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules there under and the requirements of Listing Regulations with the Stock Exchanges.

(b) In case of any subsequent changes in the provisions of the Companies Act, 2013 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.

(c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.