

# **BHARAT ALUMINIUM COMPANY LIMITED**

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## **NOMINATION & REMUNERATION POLICY**

Document Name	<b>Nomination &amp; Remuneration Policy</b>
Company	<b>Bharat Aluminium Company Limited</b>
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## **NOMINATION AND REMUNERATION POLICY**

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### **NOMINATION POLICY**

#### **1. Legal Framework & Objective**

Legal framework and Objectives Section 178 of the Companies Act, 2013 ("Act") read with the applicable Rules thereto require the Nomination and Remuneration Committee ("NRC") of the Board of Directors of every listed company, among other classes of companies, to:

- a. Identify persons who are qualified to become directors and who may be appointed in a KMP role in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- b. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- c. Devising a policy on diversity of board of directors.
- d. Specify the manner and criteria for effective evaluation of the performance of the Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance. Basis the performance evaluation results of independent directors, decide whether to extend or continue their term of appointment or not.
- e. Recommend to the board of directors a policy relating to the remuneration of the directors, KMP and other employees including SMP.

This policy shall act as a guideline on some of the above-mentioned objectives of the NRC.

#### **2. Definitions:**

- a) **Board** means Board of Directors of the Company.
- b) **Committee** means the Nomination & Remuneration Committee
- c) **Directors** mean Directors of the Company.
- d) **Independent Director** means as provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013.
- e) **Key Managerial Personnel (KMP)** means:-
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole Time Director;
  - Chief Financial Officer;
  - Company Secretary; and
  - Such other officer as may be prescribed
- f) **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors and including Functional Heads, viz., the Executive Committee (EXCO) of the Company.

### **3. Composition and Chairmanship**

The membership of the Committee shall consist of at least three non-executive directors, out of which not less than one half shall be Independent Directors. The Chairperson of the Company (whether executive or non-executive) may be appointed as a Member but shall not chair such committee. The Chairperson of the committee shall be an independent director and shall be appointed by the Board. In case the Chairperson is not present at any committee meeting, the members present at the meeting shall, amongst themselves, elect a Chairperson for that particular meeting. The membership of the Committee shall be disclosed in the annual report.

### **4. Appointment and removal of Director & KMP:**

The Committee shall evaluate the balance of knowledge, skill, professional & functional expertise, industry orientation, gender, age etc. on the Board and, in the light of this evaluation, prepare and recommend to the Board, a description of the role and capabilities required for a particular appointment. In case of Directors, and KMPs, in addition to the above specifications the NRC shall ensure that the potential candidates possess the requisite qualifications and attributes as per the Applicable Laws. With respect to removal of any Director and KMP, the NRC shall in consultation with either the Chairman, other Directors or CEO (as appropriate), review the performance and/or other factors meriting a removal and subject to the provisions of the applicable Laws and the Articles of Association of the Company, recommend to the Board its course of action.

### **5. Board Familiarization and learning:**

The NRC will adopt a structured program for orientation and training of Independent & Non-Executive Directors at the time of their joining so as to enable them to understand the Company - its operations, business, industry and environment in which it operates. The company has a separately defined Familiarization Program for the Directors which also focus to update the Directors on a continuing basis on any significant changes therein so as to be in a position to take well-informed and timely decisions.

### **6. Performance Evaluation of the Board, its committees and individual directors::**

Each year, the NRC will formulate the criteria and the process for evaluation of performance of the Board, Individual Directors, Chairperson and the Committees of the Board and recommend the same to the Board. The evaluation shall be carried out either by the Board, by the Committee or by an independent external agency and the NRC shall review its implementation and compliance with Applicable laws as well as the criteria and process lay out.

The evaluation of the Independent Directors shall be done by the entire board of directors which shall include:

- a. Performance of the directors; and

- b. Fulfilment of the independence criteria as specified and their independence from the management as specified under Applicable Laws.

Directors who are subject to this evaluation shall not participate in their own evaluation. The independent directors of the Company shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting. The independent directors in their separate meeting shall, inter alia:

- i) Review the performance of non-independent directors and the board of directors as a whole
- ii) Review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors
- iii) Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Basis the evaluation results, the NRC will make its recommendations to the Board on the appointment / re-appointment / continuation of Directors on the Board.

## **7. Board Diversity:**

The Committee in their nomination process and while making recommendations to the Board shall endeavour to have an optimum combination of directors from different fields/walks such as Management, Legal, Finance, Marketing, Human Resources, Bureaucracy, Public Policy etc. and adequate representation of Women directors on the Board. While reviewing the composition of the Board, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above.

## **8. Succession Planning:**

The NRC shall draft and recommend to the Board a succession plan for the appointments made to the Board of Directors as well as KMPs. The NRC shall review such plan on an annual basis and recommend revisions, if any, to the Board. The NRC shall work with the management and follow the following process for effective succession planning:

- i.) Assessment of potential employees and creation of a leadership pool.
- ii.) Development of the talent pool through actions such as involvement in strategic meetings, leadership workshops with top management, coaching, anchoring, job rotations, role enhancement, council memberships and involvement in cross function projects etc.

## **REMUNERATION POLICY**

The Committee will recommend policy relating to remuneration payable to Directors, Key Managerial personnel and Senior Management. The same shall be subject to the approval of the shareholders of the Company and the Central Government, wherever required.

**Guiding Principles** of the Executive compensation program are:

- Alignment with Business Strategy and Level of Responsibility & Impact: As employees progress to higher levels in the organisation, their performance has a greater direct impact on the strategic initiatives and business results.
- Fixed/ Base Salary Decisions: The Executives' fixed salary shall be competitive and based upon the industry practice and benchmarks considering the skill & knowledge, experience and job responsibilities
- Pay-for-Performance: A large portion of each Executive's total compensation is linked to the achievement of Company and individual performance goals. Such variable compensation is "at risk", and rewards performance and contributions to both short-term and long-term financial performance of the Company.
  - Performance Bonus Plan: The Performance Bonus Plan rewards contribution to the achievement of the Company's annual financial, strategic and operational goals and individual KRAs. The Performance Bonus drives high performance culture to achieve the organisation's objectives by differentiating rewards based on performance. The performance will be related to the fulfilment of various targets and attainment of business objectives, both at the Company and individual level.
  - Long Term Incentives: Executives' compensation is linked to long-term stock price appreciation, and shareholder value creation through the Company's Long-term Incentives (LTI) plan. The LTI Plan balances Executives' performance orientation and decisions to deliver on the short-term business outcomes with the long-term performance of the Company, both on financial and non-financial parameters.
- Competitive in Market place: We compete for talent globally. In order to attract and retain a highly skilled workforce, we must remain competitive with the pay of other employers who compete with us for talent.

### **Remuneration to Non-Executive / Independent Director**

#### **a) Sitting Fees**

The Non-Executive Director/Independent Director may receive remuneration by way of fees for attending the meetings of the Board or Committee thereof

provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**b) Stock Options**

An Independent Director shall not be entitled to any stock options of the Company.

**c) Yearly Fee/Commission**

The yearly fee/commission may be paid within the monetary limit approved by the shareholders subject to the limit not exceeding 1% of the net profit of the Company as per the applicable provisions of Companies Act 2013.

**Interpretation**

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and rules prescribed therein, as may be amended from time to time and per the Listing Agreement with Stock Exchange(s) as may be amended from time to time, shall have the meaning respectively assigned to them therein.

**Amendments in Law**

Any subsequent amendment/modification in the Companies Act, 2013 and/or the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.