

## STERLITE TECHNOLOGIES LIMITED

## NOMINATION AND REMUNERATION POLICY

**Owner:**

Corporate Secretarial Department

**Issue Date:**

October 26, 2015

**Revision Date:**

January 24, 2019 (effective April 1, 2019)

**Version:**

NR Policy - 1.1



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The Board of Directors (the “Board”) of Sterlite Technologies Limited (the “Company” or “Sterlite”), acting upon the recommendation of the Nomination and Remuneration Committee (“the NRC”), has adopted the following policy with regard to appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management as required by Securities and Exchange Board of India Limited (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“Listing Regulations”) & The Companies Act, 2013 (“the Act”). The Nomination and Remuneration Committee shall review and may amend this policy from time to time, subject to the approval of the Board.

## 1. Purpose and Effective Date

Sterlite Technologies Limited has adopted this Nomination and Remuneration Policy (the "Policy"), to ensure the appropriate appointment and remuneration of the Directors, Key Managerial Personnel (“KMP”) and Senior Management as required under the provisions of Section 178 of the Act and the rules made thereunder and the provisions of Regulation 19 and other applicable provisions of Listing Regulations.

The purpose of this Policy is to establish and govern the applicable procedures:

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

The Committee shall 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.

This revised policy shall apply with effect from April 1, 2019.

## 2. Definitions

- i. **Independent Director** means a director referred to in Section 149(6) of the Act and the Listing Regulations, as amended from time to time.
- ii. **Key Managerial Personnel** (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.
- iii. **Nomination and Remuneration Committee**, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing Regulations.



- iv. **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- v. **Senior Management** means officers/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer or such other personnel as may be defined under the Listing Regulations and the Act.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Listing Regulations or the Accounting Standards shall have the meanings assigned to them in the said acts and the regulations.

### 3. Composition of the Committee:

The constitution, reconstitution and composition of the Committee is / shall be in compliance with the Act, Rules made thereunder and the Listing Regulations, as amended from time to time.

### 4. Role of the Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- 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;
- Lay down the evaluation criteria for performance evaluation of Directors, the Board & its committees;
- Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- Devise a Policy on Board diversity.
- Administer the Employee Stock Option Schemes of the Company

### 5. Appointment and Removal of Director, KMP and Senior Management:

#### 5.1 Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole time Director or Manager) 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 Senior Management, the Whole time Director is authorised to identify and appoint a suitable person for such position. However, if the need be, the Whole time Director may consult the Committee / Board for further directions / guidance.

## 5.2 Term:

The Term of the Directors including Managing / Whole time Director / Manager/ Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and the Listing Regulations, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole time Director/ Manager) and Senior Management shall be governed by the prevailing HR policies of the Company.

## 5.3 Evaluation:

The Committee shall carry out evaluation of performance of every Director.

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process. Framework for performance evaluation of Independent Directors and the Board is as per *Annexure A* to this Policy.

## 5.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under 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 of Managing / Whole-time Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole time Director, KMPs and Senior Management shall be recommended by the Committee to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government/other authorities, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder.

## 7. Remuneration of 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 thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.



An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Listing Regulations, as amended from time to time.

#### **8. Separate Meeting of Independent Directors:**

As required by the provisions of Schedule IV to the Act and the provisions of Listing Regulations, the Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-independent Directors and members of the management. Framework for separate meeting of Independent Directors is as per *Annexure B* to this Policy.

#### **9. Familiarization Programme for Independent Directors**

As required by the provisions of Schedule IV to the Act and the provisions of Listing Regulations, the Company is required to develop a Familiarization Programme for the Independent Directors of the Company. Framework for familiarization programme for Independent Directors is as per *Annexure C* to this Policy.

#### **10. Board Diversity:**

The Nomination and Remuneration 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.

The Policy on Board Diversity sets out the Company's approach to ensuring adequate diversity in its Board of Directors and is devised in consultation with the Nomination and Remuneration Committee of the Board. The Policy on Board Diversity is as per *Annexure D* to this Policy.

#### **11. Compliance with the Policy**

It shall be the responsibility of the Company Secretary to ensure compliance with the Policy and that the approval process is duly followed and data required for the approval process is made available to the respective approving authority.

In case of non-compliances, it shall be the responsibility of the Company Secretary to report the non-compliances to the Nomination and Remuneration Committee/Board of Directors. The Nomination and Remuneration Committee/Board of Directors may take appropriate mitigating actions in compliance with prevailing laws.

In case there is any conflict between the provisions of this Policy and the Listing Agreement, the Act or any other Statute/Rule/Regulation, the provisions of the Listing Agreement, the Act or such other Statute/Rule/Regulation shall prevail over this Policy.

This Policy shall be communicated to all employees and other concerned persons of the Company. Further, if required, this Policy shall be uploaded on the website of the Company and website link for the same shall be provided in the Annual Report of the Company.



**Annexure A****Framework for performance evaluation of Independent Directors and the Board**

As per the provisions of Listing Regulations, the Nomination and Remuneration Committee shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board and its committees. Further, in terms of Listing Regulations, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the NRC shall establish the following processes for evaluation of performance of Independent Directors and the Board and its Committees:

1. 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;
2. The NRC shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
  - 2.1 Knowledge to perform the role;
  - 2.2 Time and level of participation;
  - 2.3 Performance of duties and level of oversight; and
  - 2.4 Professional conduct
  - 2.5 Fulfillment of Independence criteria as specified in the Act and Listing Regulations and their independence from the management.
3. If required by Chairman, the Board / Independent Directors may be asked to complete the evaluation forms and submit the same to the Chairman.
4. In terms of Section 134 of the Act, the Directors' Report shall include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

**Annexure B****Framework for Separate Meeting of Independent Directors**

As required by the provisions of Schedule IV to the Act and the provisions of Listing Regulations, 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 Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.





## **Familiarization Programme for Independent Directors**

### **1. Preamble:**

As required by the provisions of Schedule IV to the Act and the provisions of Listing Regulations, the Company is required to develop a Familiarization Programme for the Independent Directors of the Company.

This Familiarization Program (" the Programme") for Independent Directors of Sterlite Technologies Limited stipulates that:

- a) The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.
- b) The details of such familiarization programmes shall be disclosed on the Company's website and a web link thereto shall be given in the Annual Report.

The Schedule IV of the Companies Act, 2013 also mandates that the independent directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company

### **2. Administration:**

The Familiarization programme for Independent Directors will be administered and monitored by Nomination and Remuneration Committee and / or by Board of Directors of the Company.

### **3. Purpose**

The Programme aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

### **4. Familiarization Process**

4.1. The Company shall through its Executive Directors / Senior Managerial Personnel conduct programs / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company;

4.2. Such programs / presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, service, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time;

4.3. The programmes / presentations shall also familiarize the Independent Directors with their roles, rights and responsibilities;



4.4. The Company may circulate news and articles related to the industry on a regular basis and may provide specific regulatory updates from time to time; and

4.5. The Company may conduct an introductory familiarization program / presentation, when a new Independent Director comes on the Board of the Company.

**5. Familiarization module for Independent Directors:**

The module will be on the following lines and will be restructured as and when necessary.

<b>Orientation module for new and existing directors</b>	Overview of business, operations and business model of the Company.
	Financial Performance, Budgeting and Planning.
	Overview of business of Subsidiaries.
	Familiarization on Statutory compliances including their roles, rights and responsibilities in the Company as a Board Member.
	Overview of functions of human resources
	Overview of organization structure
	Overview of Sales and marketing.
	Any other subject/program which would help in better understanding of the Company.

**6. Disclosure of this Policy on Familiarization Programmes**

6.1. This Policy on Familiarization Programmes shall be uploaded on the Company’s website for public information and a web link for the same shall also be provided in the Annual Report of the Company.

- a) Familiarization programme will be conducted “as needed” basis during the year.
- b) As and when familiarization programme is conducted, the same will be disclosed on the website of the Company.

**7. Review of the Program**

7.1. The Board will review this Program and make revisions as may be required.



## Policy on Board Diversity

### 1. Purpose of this Policy:

This Policy on Board Diversity sets out the Company's approach to ensuring adequate diversity in its Board of Directors and is devised in consultation with the Nomination and Remuneration Committee (the "NRC") of the Board.

### 2. Scope of Application:

The Policy on Board Diversity applies to the Board of Sterlite Technologies Limited (the "Company").

### 3. Policy Statement:

The Company recognises and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognised that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

### 4. Review of the Policy:

The Board and the NRC shall review this Policy on Board Diversity on a regular basis to ensure its effectiveness and also compliance with revised Listing Regulations.

