

UNITED SPIRITS LIMITED
Nomination & Remuneration Policy

1. Background

1.1 The Nomination & Remuneration Policy (“**Policy**”) of United Spirits Limited (“**Company**”) is formulated under the section 178(3) of the Companies Act, 2013 (“**Act**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (“**Listing Regulations**”).

2. Scope

2.1 This policy covers appointment and remuneration of the Directors, Key Managerial Personnel (“**KMP**”), Senior Management Personnel (“**SMP**”) and other employees. This policy has been reviewed by the Nomination and Remuneration Committee (“**NRC**”) and approved by the Board of Directors on 18th May 2023.

2.2 The NRC reserves the right to review this Policy from time to time and make suitable modifications, subject to approval of the Board. This Policy shall be subject to the provisions of the Act and the rules made thereunder, SEBI Listing Regulations and other applicable law, and the provisions of the Company’s articles of association.

2.3 For the purposes of this Policy, the term KMP means:

- a) the Managing Director or Chief Executive Officer or manager
- b) Whole-time Director
- c) the Company Secretary
- d) the Chief Financial Officer; and
- e) Any other person as defined under the Act from time to time

2.4 For the purpose of this Policy, the term SMP means:

Officers/personnel of the Company who are members of its Core Management Team excluding Board Members, all members of management one level below the chief executive officer / managing director (Executive Committee members (ExCom) / whole time director /(including chief executive officer in case he is not part of the board) and shall specifically include functional Heads by whatever name called and company secretary and chief financial officer (except administrative support staff / executive assistants).

In line with the above, presently, SMP would cover all Executive Committee (Excom) members of the Company as well as direct reports of Executive Director & Chief Financial Officer.

3. Appointment Criteria

- 3.1 The criteria for recommending appointment of a director, SMP & KMP would include educational background, relevant experience, expertise, general management capability, financial management, strategy, corporate governance, risk management, professional ethics, integrity, diversity etc. as applicable for the role. The NRC has discretion to decide, in the best interests of the Company, whether the qualifications, expertise and experience possessed by a person are sufficient for his or her appointment as a director, KMP or SMP in the Company.
- 3.2 In addition to the above, the appointment of directors including managing director(s), whole time director(s), non-executive director(s) and independent director(s) shall be in accordance with the provisions of the Act, including schedule IV and V of the Act and the rules made thereunder and the provisions of the Listing Regulations.
- 3.3 Based on the above criteria and the applicable laws, the NRC shall recommend to the Board the appointment of suitable candidates for the position of:
- a) Managing Director/CEO/Whole time director
 - b) Non-executive director(s)
 - c) Independent Director(s)
 - d) SMPs and
 - e) KMPs who are not forming part of Board of directors
- 3.4 Appointment of directors is subject to approval of shareholders and applicable law.
- 3.5 Additionally, approval of the audit committee is required for the appointment of the Chief Financial Officer.
- 3.6 Appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the HR function.

4. Term

- 4.1 The term of appointment of directors and KMP forming part of the Board, shall be governed by the provisions of the Act (including rules made thereunder), Listing Regulations and the HR policies of the Company, as applicable on case to case basis.
- 4.2 The term of appointment of SMPs and KMPs not forming part of the Board shall be governed by the prevailing HR policies of the Company.

5. Remuneration philosophy

- 5.1 The remuneration philosophy of the Company is designed on following principles:
- 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, SMP and KMP 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) the Company will benchmark the ratio of remuneration of senior leaders to the median remuneration of all employees with our peer group companies on a periodic basis.
- e) the benchmark compensation positioning will be the market median based on a periodic market benchmarking study undertaken by an external firm. For specific niche functions, skills and roles, a higher benchmark positioning may be targeted to attract and retain talent.

6. Remuneration to Managing Director/Chief Executive Officer/whole time director

- 6.1 Managing Director/Chief Executive Officer/Whole-time Director shall be paid remuneration including by way of fixed pay, basket of allowances, annual incentives, retiral benefits, perquisites, long term incentive plans etc. as may be recommended by NRC to the Board from time to time. Upon recommendation of the NRC, the Board shall have the authority to revise the remuneration within the overall limits approved by the shareholders.
- 6.2 The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/Chief Executive Officer (if forming part of the Board)/Whole-time Director.
- 6.3 The revision in remuneration of MD/CEO/WTD shall be subject to approval by Audit Committee from a Related Party Transactions (“RPT”) perspective.

7. Remuneration to Non-executive Independent Directors

- 7.1 The Independent Directors shall be entitled to receive sitting fees of ₹1,00,000 for attending each the Board Meeting, ₹50,000 for Audit Committee and ₹25,000 for any other Committees thereof. Additionally, they will be entitled to commission not exceeding 1% of the net profits of the Company in any financial year (computed in the manner provided in section 198 of the Companies Act 2013) or in aggregate not exceeding ₹4,00,00,000 (Rupees four crore only), whichever is lower for a period not exceeding three financial years commencing from April 1, 2022 (i.e. for the financial years 2022-23, 2023-24 and 2024-25).
- 7.2 The Independent Directors shall not be entitled to receive any stock options.
- 7.3 In case of loss or of inadequacy of profits, independent directors of the Company will be entitled to commission not exceeding ₹4,00,00,000 (Rupees four crore only), in aggregate for a period not exceeding three financial years commencing from April 1, 2021 (for the financial years 2021-22, 2022-23, 2023-24). The amount of commission shall be in addition to sitting fees and reimbursement of expenses for participation in the Board and other meetings.

8. Remuneration to Non-executive Non-Independent Directors

- 8.1 The Non-executive Non-Independent Directors shall not be entitled to receive any sitting fees and commission. The Company shall reimburse expenses incurred by such directors for attending the meetings.

9. **Remuneration to KMP, SMP and other employees**

- 9.1 The NRC shall recommend to the Board the remuneration as well as revision in remuneration payable to KMPs (other than board members) and SMPs including by way of fixed pay, basket of allowances, annual incentives, retiral benefits, perquisites, long term incentive plans etc. as per the policy of the Company.
- a. The grant of merit increase, annual incentive plans and other long-term incentives for SMPs and KMPs are driven by the outcome of the appraisal process and the performance of the Company. Actual quantum shall then be recommended by NRC to the Board for its approval.
 - b. The revision in remuneration of KMPs (other than board members) shall be subject to approval by Audit Committee from a RPT perspective.
 - c. The remuneration and revision in remuneration payable to other employees shall be governed by the prevailing HR policies of the Company.

10. **Familiarisation of the Independent Directors with the Company**

- 10.1 The Company shall familiarise 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 programs. Any director attending such familiarization programme will be entitled to reimbursement of expenses incurred in this behalf.

11. **Succession Plan**

- 11.1 The roles of directors, SMP and KMP shall be subject to succession planning as required under the Act and Listing Regulations. NRC and board of directors shall review plan put in place by the Company for orderly succession of these roles.
