

UNITED SPIRITS LIMITED**Terms of Reference of the Nomination and Remuneration Committee****(Amended as of May 27, 2020)****PURPOSE:**

To assist the Board of Directors of the company to:-

- Determine, review and propose compensation principles and policy of the company
- Assess and review compensation plans recommended by the management
- Recommend the compensation packages of the company's Executive Directors

RESPONSIBILITIES AND DUTIES:

The responsibilities and duties of the Nomination and Remuneration Committee (the Committee) shall be as under:-

1. FORMATION OF REMUNERATION POLICY:

- a) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance.
- b) approve and recommend matters relating to compensation by way of salary, perquisites, benefits etc., to the Managing/Whole Time/Executive Directors of the Company.
- c) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration for the directors including independent directors, key managerial personnel and other employees.
The policy shall, *inter alia*, cover termination payments to the Executive Committee members and other Senior Executives and oversight of the same by the Committee.

The remuneration policy shall set guidelines for the Executive Committee / Managing Director to approve remuneration to the Managing Committee members and their direct reports and other executives.

- d) The Committee shall ensure, while formulating the above policy, that:



- i) 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;
- ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii) 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:

Provided that such policy shall be disclosed in the Board's report.

- e) The Chairman of the Committee or in his absence, any other member of the Committee authorised by him in this behalf shall attend the general meetings of the Company.

2. REPORTING TO THE BOARD OF DIRECTORS:

The Chairman of the Committee shall update the Board of Directors regularly about matters considered, discussed and resolved at such Committee meetings.

3. ANNUAL REMUNERATION REPORT:

According to the requirement of Annual Reporting, the Committee would review and approve the Annual Remuneration report prior to the Board of Directors approval, which satisfies the Remuneration principles, policy, plans of the year.

4. OTHER RESPONSIBILITIES:

1. The Committee shall review and recommend to the Board of Directors for approval any mandatory disclosures of the Management compensation.
2. The Committee would review and reassess the adequacy of the charter and perform annual self-evaluation of the performance of the Committee.
3. The Committee shall carry out any other acts and deeds as may be delegated by the Board of Directors and deal with such other matters as may be prescribed under the Companies Act, 2013, the Listing requirements and other statutory enactments.
4. The Committee shall provide guidance to the Human Resources Department to set up policy and procedure for succession planning of Key Managerial Personnel and other senior management of the Company.
5. The Committee shall approve any share incentive plans for the employees of the Company.
6. Committee to review and recommend to Board to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. Review of steps taken by Management to drive focus and messaging around retaining talent and the employee positioning in Diageo.

8. The Committee shall have powers to seek information it requires for the performance of its duties from any employee of the Company.

5. COMPOSITION:

- a. The members of the Committee shall be appointed by the Board of Directors.
- b. Three or more Non Executive Directors out of which not less than one half shall be Independent Directors
- c. Chairman to be an Independent Director
- d. Company Secretary to be Secretary of the Committee

The Chief Executive Officer and Head of Human Resources may, at the invitation of the Chairman of the Committee, attend and speak at meetings of the Committee; others may be called upon or shall be able to speak by prior arrangements with the Chairman of the Committee.

6. MEETINGS

Meetings can be held as and when necessary. However, at least two meetings in a year must be held.

7. QUORUM

The quorum for a meeting shall be either two members or one third of the members of the committee whichever is greater, but there should be a minimum of two Independent Directors present.

Note:

1. Key managerial personnel means:

- a) the Chief Executive Officer or the Managing Director;
- b) the Company Secretary;
- c) the Whole-time Director;
- d) the Chief Financial Officer; and
- e) such other officer as may be prescribed.

(as per Section 2(51) of the Companies Act, 2013)

2. Senior Management Personnel means:

Personnel of the Company who are members of its core management team (excluding Board members) comprising all members of management one level below the executive directors, including the functional heads.

(as per Section 178 of the Companies Act, 2013)