

ASIAN PAINTS LIMITED

NOMINATION AND REMUNERATION POLICY

Formulated on: 22nd July, 2014
1st Amendment on: 22nd January, 2018
2nd Amendment on: 22nd October, 2018
3rd Amendment on: 12th May, 2021
4th Amendment on: 11th May, 2023
5th Amendment on: 28th March, 2024
6th Amendment on: 9th November, 2024

This Nomination and Remuneration Policy of Asian Paints Limited, (“the Policy”) has been formulated in accordance with the provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) as amended from time to time. The Policy outlines the role of the Nomination and Remuneration Committee and the Board of Asian Paints Limited in, *inter alia*, determining the criteria for Board membership, approving, and recommending compensation package and policies for Directors and Senior Management, and laying down the effective manner of performance evaluation of the Board, its Committees, and the Directors.

OBJECTIVE

The Nomination and Remuneration Committee of Asian Paints Limited is a Board Committee. Following shall be the broad responsibilities of the Nomination and Remuneration Committee (“the Committee”):

A. Board membership:

- a. To formulate the criteria for determining qualifications, positive attributes, and independence of a Director;
- b. To identify the persons as potential candidates who are qualified to be appointed as Directors and recommend to the Board their appointment and removal;
- c. To evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director, and thereafter recommend the person to the Board for appointment as an independent director.

B. Performance Evaluation of Board, its Committees and Directors:

- a. To lay down the process for effective evaluation of the performance of the Board, its Committees, and individual Directors and review its implementation and compliance;
- b. To review the outcome of the performance evaluation exercise for the Board and its Committees and present its analysis and recommendations to the Board;
- c. To evaluate the requirement for appointing an external independent agency to carry out the performance evaluation of the Board, its Committees and individual Directors.

C. Appointment of Key Managerial Personnel and Senior Management:

- a. To identify persons who are qualified and may be appointed as the Key Managerial Personnel and Senior Management, and recommend to the Board their appointment and removal.

D. Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees:

- a. To ensure that the compensation package and other human resource policies are effective in maintaining a competent workforce and make necessary recommendations to the Board relating to compensation of the Managing Director, Whole-time Directors, and the Senior Management of the Company from time to time.

E. Succession Plan for Directors, Key Managerial Personnel, and Senior Management.

- F. Perform the role of Compensation Committee and act as an administrator to any of the Employee Stock Option Schemes of the Company (as may be notified from time to time).

CONSTITUTION

The Committee shall comprise at least three Directors, all of whom shall be Non-Executive Directors, and at least two-thirds shall be Independent Directors, the Chairperson being an Independent Director. The Chairperson of the Committee or in case of his/her absence, any other person authorised by him/her shall attend the general meetings of the Company. The quorum for the meeting shall be two Independent Directors. The Committee may meet, convene, and conduct Committee meetings through video conferencing or other audio-visual means, as may be provided by the Company.

MEANING OF TERM USED

- a. “**Act**” means the Companies Act, 2013 including the rules, schedules, clarifications, notifications, circulars, and guidelines issued by the Ministry of Corporate Affairs and any amendment thereto and/or modification thereof from time to time.
- b. “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendment thereto and/or modification thereof from time to time.
- c. “**Board**” refers to the Board of Directors of Asian Paints Limited.
- d. “**Company**” or “**Asian Paints**” refers to Asian Paints Limited pursuant to this Policy, having its Registered Office at 6A & 6B, Shantinagar, Santacruz (East), Mumbai – 400 055, Maharashtra, India.
- e. “**Senior Management**” shall comprise such members of the management who are reporting to the Managing Director & CEO (forming part of the President, Vice President, and Associate Vice President cadres) and includes functional heads by whatever name called, and the Company Secretary and the Chief Financial Officer of the Company.
- f. “**Rules**” means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications and/or amendments thereof from time to time.

Words and expressions used and not defined in this Policy but defined in the Act or the Listing Regulations shall have the same meanings respectively assigned to them in the Act or the Listing Regulations.

ROLE AND RESPONSIBILITY

The role and responsibility of the Committee shall be to undertake specific duties listed below and it will have the authority to undertake such other specific duties as the Board prescribes from time to time. The below-mentioned roles and responsibilities are derived from the terms of reference of the Committee as determined and approved by the Board:

A. BOARD MEMBERSHIP

1. Criteria for appointment as a Director

The Committee shall formulate criteria, and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, and positive attributes required to be a Director of the Company. The criteria to be formulated need to be not only beneficial to the Company but also will need to consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate going forward and in a changing business environment.

Following are the criteria recommended by the Committee and approved by the Board for nominating/inducting a Director on the Board of the Company:

- a. composition of the Board, taking into consideration the size of the Company and the requirement of law and the Company;
- b. diversity on the Board;
- c. optimal balance of skills and relevant experience, professional qualifications;
- d. expertise and experience in a specific area of business;
- e. no present or potential conflict of interest;
- f. availability of time and other commitments for proper performance of duties;
- g. personal characteristics in line with the Company's values, such as integrity, honesty, and transparency; and
- h. any other criteria which may be added by the Board at its discretion.

2. Identify persons as potential candidates who are qualified to be appointed as Directors

The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening, and reviewing candidates for appointment as Directors, whether Independent, Non-Executive, or Executive. The existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such a Director.

3. Nomination of candidates for approval of the Board

The Committee on the satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Non-Executive Director or Independent Director or Executive Director, as the case may be.

The Committee may, *inter alia*, recommend the candidates to the Board when:

- Any vacancy in the Board is required to be filled due to retirement or resignation or;
- Any vacancy arising out of the annual Board/Director performance evaluation or;
- Any vacancy as a result of the end of tenure in accordance with the Act, Rules, and the Listing Regulations or;
- Any change required in the Board on account of diversity or;
- Any change required by law.

B. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES, AND DIRECTORS

1. Process for effective evaluation of the performance of the Board, its Committees, and individual Directors and review its implementation and compliance

The Committee shall determine a process for evaluating the performance of every Director, Committees of the Board, and the Board as a whole on an annual basis. The Committee shall also review its own performance on an annual basis and present its analysis and recommendations to the Board. The Committee may seek the support and guidance of external independent experts and agencies for this purpose.

2. Evaluate the performance of the Managing Director or Whole-time Director

The Committee shall evaluate the performance of the Managing Director bi-annually by setting Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee shall ensure that the Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

C. APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Based on the criteria laid down for the appointment of Key Managerial Personnel (other than the Executive Director) and Senior Management, the Managing Director shall consider and evaluate internal as well as external candidates, as deemed fit, for such Key Managerial Personnel and Senior Management positions and recommend the same to the Committee. Thereafter, the Committee shall evaluate the candidate(s) and make recommendations to the Board regarding the appointments and changes to the Key Managerial Personnel and Senior Management positions of the Company, based on the recommendation of the Managing Director.

D. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES

1. Remuneration to the Executive Directors

The Committee shall also approve the compensation package of the Managing Director or Executive Director. The compensation structure shall include basic salary, perquisites, stock options, commission, etc. The Committee shall ensure that the compensation package is in accordance with applicable law, in line with the Company's objectives, shareholders' interests, industry standards, and have an adequate balance between fixed and variable components. All the recommendations of the Committee shall be referred to the Board for approval and thereafter to the shareholders if required under the law.

2. Remuneration to the Non-Executive Directors

The Committee shall recommend the Commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made to similar sized, successful companies. At present, there is a base commission payable to all such directors. An additional amount would be payable for serving as the Chairperson of the Board and/or for memberships of Committees/Chairpersonships of Committees. The Chairperson and members of the Audit Committee would be paid a higher commission than the Chairperson and members of other Committees. The Committee may consider recommending commission payable to Directors after taking into account their contribution to the decision-making at meetings of the Board/Committees, participation, and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company. The Directors (except the Executive Director) will be paid sitting fees for attending the meetings of the Board and its Committees. The Committee shall recommend any changes to the quantum of sitting fees to the Board from time to time within the limits prescribed under the law.

3. Remuneration to Key Managerial Personnel and Senior Management

The Committee shall review the performance of the Key Managerial Personnel and Senior Management of the Company, in discussion with the Managing Director & CEO.

The Committee shall ensure that the remuneration payable to Key Managerial Personnel and Senior Management involves a balance between fixed and variable pay reflecting short and long-term performance objectives of the Company.

4. Remuneration to other employees

Focus on productivity and pay for performance have been the cornerstone of the Company's overall remuneration policy. The Company regularly benchmarks the compensation levels and employee benefits in the market and makes necessary changes to remain consistent with the industry standards. The Committee reviews the performance management and rewards process from time to time. The remuneration structure of employees is based on principles of fairness, transparency, and internal and external parity and involves an optimum balance of fixed and variable components.

E. SUCCESSION PLAN FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Committee shall lay down the succession plan for the members of the Board, Key Managerial Personnel, and Senior Management Personnel to ensure that an appropriate balance of skills, experience, and expertise is maintained at all times, and recommend the same to the Board for approval. The Committee shall also review the succession plan periodically.

F. COMPENSATION COMMITTEE AND ADMINISTRATOR TO EMPLOYEE STOCK OPTION SCHEMES OF THE COMPANY

The Committee shall play the role of the Compensation Committee in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, and administer the Employee Stock Option Scheme as may be notified from time to time. The Committee shall, *inter alia*, formulate the detailed terms and conditions of the schemes, and frame suitable policies and procedures to ensure compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) by the Employee trust, the Company, and its employees, as applicable.

AUTHORITY AND POWER OF THE COMMITTEE

The Committee shall have, *inter alia*, the following powers:

- Seek any information or explanation and ask for any records or documents from the employees of the Company
- Retain or seek advice from consultants and experts for the performance of their role under this Policy and the costs relating thereto shall be borne by the Company.
- Delegate its powers or form sub-committees to perform any of its functions or roles under this Policy, subject to the approval of the Board.

MEETINGS

The Committee shall meet at least once in six months. Additional meetings may happen as the Committee deems it appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

MINUTES

The Committee will maintain written minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board.

AMENDMENTS TO THE POLICY

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Policy is subject to modification. The Board shall review this Policy once in three (3) years. This Policy and every subsequent modification, alteration, or amendment made thereto, shall be promptly disclosed on the Company's website at www.asianpaints.com.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. will prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.