



Policy on Directors' Appointment and Remuneration of the Directors, Key Managerial Personnel and Other Employees

1. Background

The policy on appointment and remuneration of Directors, Key Managerial Personnel and other employees (“the Policy”) provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. The policy has been prepared pursuant to the provision of Section 178(4) of the Companies Act, 2013 (“the Act”) and Regulation 19(4) read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

2. Objectives

- i. To guide the Board in relation to appointment and removal of Directors.
- ii. To formulate criteria for evaluation of Independent Directors and the Members of the Board.
- iii. To evaluate the performance of the Members of the Board including Independent Directors
- iv. To determine criteria for payment of remuneration to Directors, Senior Management/ KMP and Employees.
- v. To recommend to the Board remuneration payable to the Directors including Senior Management/Key Management Personnel and employees, if required.
- vi. To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. Definitions

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

“**Director**” means a director appointed on the Board of the Company.

“**Executive Director**” means a director entrusted with substantial powers of the management of the affairs of the Company.

“**Independent Director**” means an independent director referred to in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.



“Key Managerial Personnel”/“KMP” means:

- a. Chief Executive Officer or the Managing Director or the Manager
- b. Whole-time Director
- c. Chief Financial Officer
- d. Company Secretary
- e. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f. Such other officer as may be prescribed under the Act.

“Management” means a Committee consisting of Executive Chairman, Managing Director and Chief Executive Officer of the Company.

“Senior Management Personnel” for this purpose shall mean officers/ personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Chief Executive Officer/Managing Director/Whole-time Director/Manager, including the functional heads and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in the Policy and not defined herein but defined in the Act and/or Listing Regulations shall have the meaning assigned to them therein.

4. Duties and Role of Committee

Matters to be dealt with, perused and recommended to the Board by the Committee shall include –

- ✓ Formulating the criteria for determining qualifications, positive attributes and independence of a Director;
- ✓ Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this policy;
- ✓ Recommending to the Board, appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.

Specifically, the duties include.

I. Nomination Matters

Determining the appropriate size, composition and diversity of the Board;



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- ✓ Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- ✓ Ensuring that there is an appropriate induction plan in place for new Directors and reviewing its effectiveness;
- ✓ Identifying and recommending Directors who are to be put forward for appointment, reappointment and eligible for retire by rotation;
- ✓ Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- ✓ Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, industry benchmarks and compliance;
- ✓ Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- ✓ Recommend necessary changes to the Board in line with Board Diversity Policy;
- ✓ Considering any other matters, as may be requested by the Board.

II. Remuneration Matters

- ✓ To consider and determine whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors;
- ✓ To consider and recommend remuneration payable to senior management including Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company, and its growth strategy;
- ✓ To manage and administer the Employee Stock Option Plans including long term incentive in the form of RSUs of the Company;
- ✓ To consider any other matters as may be requested by the Board.

5. Appointment of Directors- Criteria and Qualifications

- i. The Committee shall identify and ascertain the integrity, professional qualification, areas of expertise and experience of the person, who is proposed to be appointed as a Director and appropriate recommendation shall be made to the Board with respect to his/her appointment to maintain balance, ensure effective



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functioning of the Board and ensure orderly succession planning. The Committee will consider the following while recommending to the Board the proposal relating to the appointment:

- a) Leadership qualities
 - b) Industry knowledge and experience (as relevant)
 - c) Experience and exposure in policy shaping and industry advocacy
 - d) Understanding of relevant laws, rules, regulations and policies.
 - e) Corporate governance
 - f) Financial expertise
 - g) Risk Management
 - h) Global experience/ International exposure
 - i) Information Technology
- ii. The Committee shall, with reference to every appointment of an Independent Director, 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. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
 - iii. The Committee may, for the purpose of identifying suitable candidates undertake the following –
 - a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
 - iv. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position;
 - v. The Company shall not appoint any person as Managing Director/Whole-time Director who has attained the age of seventy years, unless with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years;
 - vi. The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.



6. Term and Tenure

- i. **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company, based on the recommendation of the Nomination and Remuneration Committee and the Board.
- ii. **Independent Director** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for appointment, re-appointment or removal pursuant to a special resolution passed by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- iii. The committee shall ensure to include evaluation as criteria towards the decision on whether 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. Removal of Directors

Due to reasons of any disqualification mentioned in the Act or under any other applicable act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the provisions and compliance of the said act, rules and regulations.

8. Retirement of Directors

The Director shall retire as per the applicable provisions of the Act and the prevailing policy of the Company, if any. Executive Director / Managing Director shall retire at the age of 70 years from the Company but shall be re-appointed by passing a special resolution by the shareholders at the general meeting on attaining the age of 70 years.

9. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular intervals and at least on an annual basis.



10. Matters relating to Remuneration, Perquisites for Directors, Senior Management/ KMP and Employees

Section 178 of the Act, specifies that the Committee, while formulating the Policy is required to ensure the following:

- i. 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;
- ii. that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. that remuneration to Directors, senior management and key managerial personnel 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.

As per the Company Policy, the remuneration structure for EDs/Senior Management Personnel/KMP and employees comprises of:

- a) **Fixed base salary**, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- b) **Performance Bonus**, based on achieving the minimum KPI predefined at the commencement of the financial year.
- c) **Retirement benefits** including PF, gratuity, etc.
- d) **Such other emolument(s)** as the HR Department may after consultation with the Management, determine from time to time.
- iv. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable. The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.
- v. **Sitting Fees:** The Non- Executive Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
- vi. **Stock Options:** An Independent Director shall not be entitled to any stock option including long term incentive in the form of Restricted Stock Units (RSUs) of the Company.



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In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board meetings, Committee meetings, General meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

11. Amendments and Updates

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Act & SEBI Listing Regulations. In case of any modifications, amendments or inconsistencies with the Act and SEBI Listing Regulations, the provisions of the applicable prevailing laws and the rules made thereunder would prevail over the Policy.
