

Annexure 2

Policy on Appointment of Board Members

Constitution & Size

Members

- Chairman
- Promoter Family nominee(s)
- Executive members
- Independent members

Profile

- Board should ideally comprise of 12 members
- 50% of members should be independent

- The Chairman should be elected by the Board and should be Non-Executive
- Not more than 4 nominees from the Promoter's family including Chairman

The skill profile of independent Board Members will be driven by the key tasks defined by the Board for them

- Independent Corporate Governance
- Guiding strategy and Enhancing Shareholders Value
- Monitoring Performance, Management Development & Compensation
- Control & Compliance

Skill profile of Board Members (multiple skills could be combined in one individual)

Key Skill Area/ Qualification	Essential/ positive Attributes	Desirable Attributes
1. Strategy/ Business Leadership	<ul style="list-style-type: none"> • 2-3 years experience as a CEO, preferably of an MNC in India 	FMCG experience
2. Corporate Strategy Consultant	<ul style="list-style-type: none"> • Consultant/Academician with experience in FMCG Industry and business strategy 	Basic understanding of Finance
3. Sales and Marketing experience	<ul style="list-style-type: none"> • At least 10 years experience in sales and marketing • Good understanding of commercial processes • 2-3 years as head of sales or marketing 	Experience with FMCG or other consumer products
4. Corporate Law	<ul style="list-style-type: none"> • Expert knowledge of Corporate Law 	Experience in trade/ consumer related laws
5. Finance	<ul style="list-style-type: none"> • At least 5 years as a CEO or as head of a merchant banking operation 	FMCG experience
6. Trade Policy & Economics	<ul style="list-style-type: none"> • Expert knowledge of Trade & Economic Policies 	FMCG experience
7. Administration & Government Relations	<ul style="list-style-type: none"> • Retired Bureaucrat 	Basic understanding of Finance & Business
8. Ayurvedic specialist (till Ayurvedic specialities Business is part of FMCG business)	<ul style="list-style-type: none"> • Ayurvedic doctor with a minimum of 20 years experience as a practitioner/ researcher 	Basic understanding of finance and business

Other Directors could be based on company's priority at a particular time:

- Knowledge of export markets that Dabur is focusing on
- Commodity procurement expert

Board Diversity

- There should not be concentration of Board Members based on a particular skill profile.
- Board Member should be selected preferably from all the key skill areas defined earlier.
- Gender diversity: Board should have atleast one Women Director.

Criteria for Determining Independence of a Director

1. Should be a person of integrity and possesses relevant expertise and experience;
2. Should be a person other than a Managing Director or Whole Time Director or Nominee Director;
3. Should neither be nor have been a Promoter of the Company or its holding, subsidiary or associate company or member of the Promoter Group of the Company;
4. Should not be related to Promoters or Directors in the Company, its holding, subsidiary or associate company;
5. Apart from receiving sitting fees, should have or had no pecuniary relationship other than remuneration as such

Director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed with the Company, its holding, subsidiary or associate company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

6. none of whose relatives—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their Promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or Directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

7. Neither himself nor any of his relatives -

– holds or has held the position of a Key Managerial Personnel or is or has been an employee of the company or its holding, subsidiary or associate company in any

of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

– is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –

• a firm of Statutory Auditors or Secretarial Auditors or Cost Auditors of the company or its holding, subsidiary or associate company; or

• any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;

– holds together with his relatives two percent or more of the total voting power of the company;

– is a Chief Executive or Director, by whatever name called of any Non-Profit Organization that receives twenty-five percent or more of its receipts from the company, any of its Promoters, Directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company;

– is a material supplier, service provider, or customer or a lessor or lessee of the company;

8. Should not be less than 21 years of age;

9. who is not a Non-Independent Director of another company on the Board of which any Non-Independent Director of the Company is an Independent Director:

10. Shall possess such other qualifications as may be prescribed.

11. Shall not serve as Independent Director in

– more than 7 listed companies;

– more than 3 listed companies (if serving as a Whole Time Director in any listed company).

Annexure 3

Remuneration Policy

1. Objective :

We design our remuneration policy to attract, motivate and retain the Directors, KMP and other employees who are the drivers of organization success and helps us to run the company successfully and to retain our industry competitiveness. Pay mix is designed to reflect the performance and is aligned to the long term interest of the shareholders.

2. Policy :

Remuneration Design and Mix

a) Total Fixed Pay: Enable us to attract, retain and develop the talent we need to succeed

1. Is competitive with leading companies where we recruit for talent.
2. Reinforces roles and accountabilities.
3. Is flexible and supportive of our organization's growth.
4. Is responsive to specific market pressures in terms of getting key talent from the market.
5. Provides salary management guidelines so that decisions are made with confidence, integrity and speed.

b) Short term Incentive Plans (one year): Create a process to effectively reward people for their contributions to the success of the Company in the short term

1. Utilizes company, business unit/ department and individual- based metrics based on the principle of line of sight and impact.
2. Is supported by clear, frequent communication and simple tools to administer.

c) Long term Incentive Plans in form of performance based ESOP: Enable us to attract and retain key talent and create a process to effectively reward key talent for their contributions to the long term success of the company

1. A significant portion of the key talent compensation delivered through restricted ESOP Plans with retention expectations in place to ensure alignment of the executive interest with those of shareholders.
2. Utilizes company and business unit/department based metrics which are necessary for long term business sustenance and shareholder wealth creation.

3. Utilizes measures that are clear, strategically focused, and easily supported by our systems.
4. Provides suitable rewards to the performer, consistent with our strategy, and reinforce our culture.
5. Helps to make our pay competitive with leading companies where we recruit for talent.

d) Benefits: Provide programs that meet people's needs and are cost effective and utilize Innovative programs that make us distinctive as an organization

1. Be competitive with companies of our size and where we compete for talent.
2. Provide benefits that are truly meaningful to people, supported by highly effective communication and easy administrative support.
3. Provide benefits, services, or events that will make us distinctive in the marketplace and consistent with our culture and values.
4. Provide benefits that are cost effective from both an individual and a company perspective.

e) Recognition: Utilize effective practices that are supported by innovative programs that reinforce our desired culture and make us a special place to work

1. Reinforces individual and team's behavior that makes us more competitive, efficient, and important to our customers.
2. To create more employee touch points and recognition on formal and informal basis.
3. Utilize a variety of programs, events and activities that keep the process exciting.

f) Annual Performance Linked Enhancement that recognizes the performance of the resource keeping in view the achievement of organizational goals and departmental goals.

g) Remuneration to Independent Directors:

1. Sitting Fee as approved by the Board.
2. Travel Cost and other out of pocket expenses for attending the Board & Committee Meetings.
3. No Stock options.

Tools for an effective Remuneration Policy implementation:

1. Remuneration Benchmark studies
2. Compilation of Live data while recruiting talent
3. Talent attrition studies
4. Benchmarking with Best Industry Practices
5. Participation in various forums