

Dabur India Limited

**Policy on Appointment of Board
Members**

&

Remuneration Policy

Dabur
Celebrate Life!

Policy on Appointment of Board Members

Policy Statement

At Dabur India Limited (“Dabur” or the “Company”), we recognize the importance of having an optimum composition of the Board with diversified skill set and industry experience which brings value to the stakeholders of the Company. Also, it is critical that for appointment as a Director on the Board of Dabur, no person is discriminated based, inter alia, on the grounds of age, gender, gender identity, marital status, caste, race, colour, religion, nationality, ethnicity, sexual orientation, or any other personal or physical traits.

The Nomination & Remuneration Committee and the Board of Directors of Dabur has devised this Policy to provide a framework for appointment of Board members and bring diversity in the Board, in line with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the Companies Act, 2013.

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	<ul style="list-style-type: none">• FMCG experience
2. Corporate Strategy Consultant	<ul style="list-style-type: none">• Consultant / Academician with experience in FMCG Industry and business strategy	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Experience with FMCG or other consumer products

Key Skill Area/ Qualification	Essential/ positive Attributes	Desirable Attributes
	<ul style="list-style-type: none"> E-commerce / Digital Transactions Specialist 	
4. Governance	<ul style="list-style-type: none"> Expert knowledge of Corporate Law 	<ul style="list-style-type: none"> Experience in <ul style="list-style-type: none"> trade/ consumer related laws ESG-related issues Enterprise Risk Management Cyber Security & Information Technology Management
5. Finance	<ul style="list-style-type: none"> At least 5 years as a CFO or as head of a merchant banking operation At least 20 years of experience as a Chartered Accountant 	<ul style="list-style-type: none"> FMCG experience
6. Trade Policy & Economics	<ul style="list-style-type: none"> Expert knowledge of Trade & Economic Policies 	<ul style="list-style-type: none"> FMCG experience
7. Administration & Government Relations	<ul style="list-style-type: none"> Retired Bureaucrat 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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.
- The skills, expertise, experience, knowledge, background, education, age, ethnicity, gender and personal attributes of an individual should be considered at the time of appointment.
- Gender diversity: Board should have atleast one Women Director.

Criteria for selection of Director and determining independence of a Director

The proposed appointee shall fulfil the requirements prescribed from time to time under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 and other relevant laws.

The proposed appointee in the category of Independent Director should be a person fulfilling the criteria of Independence as may be prescribed from time to time under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 and other relevant laws.

Criteria for independence of a Director as prescribed under the Companies Act, 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”)

A. Criteria under the Act

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,-

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) who has 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;

(d) 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);

(e) who, neither himself nor any of his relatives –

- (i) holds or has held the position of a key managerial personnel or is or has been 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.

- (ii) 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) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.
- (1) An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- (2) None of the relatives of an independent director, for the purposes of sub-clauses (ii) and (iii) of clause (d) of sub-section (6) of section 149,-
 - (i) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors; or
 - (ii) 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 an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year.

B. Criteria under the Listing Regulations

"Independent Director" means a non-executive director, other than a nominee director of the listed entity:

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- (v) none of whose relatives –
 - (A) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up

capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

(B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

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

(D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(vi) who, neither himself/herself, nor whose relative(s) —

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity,] 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 other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

(B) 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 —

(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

(2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

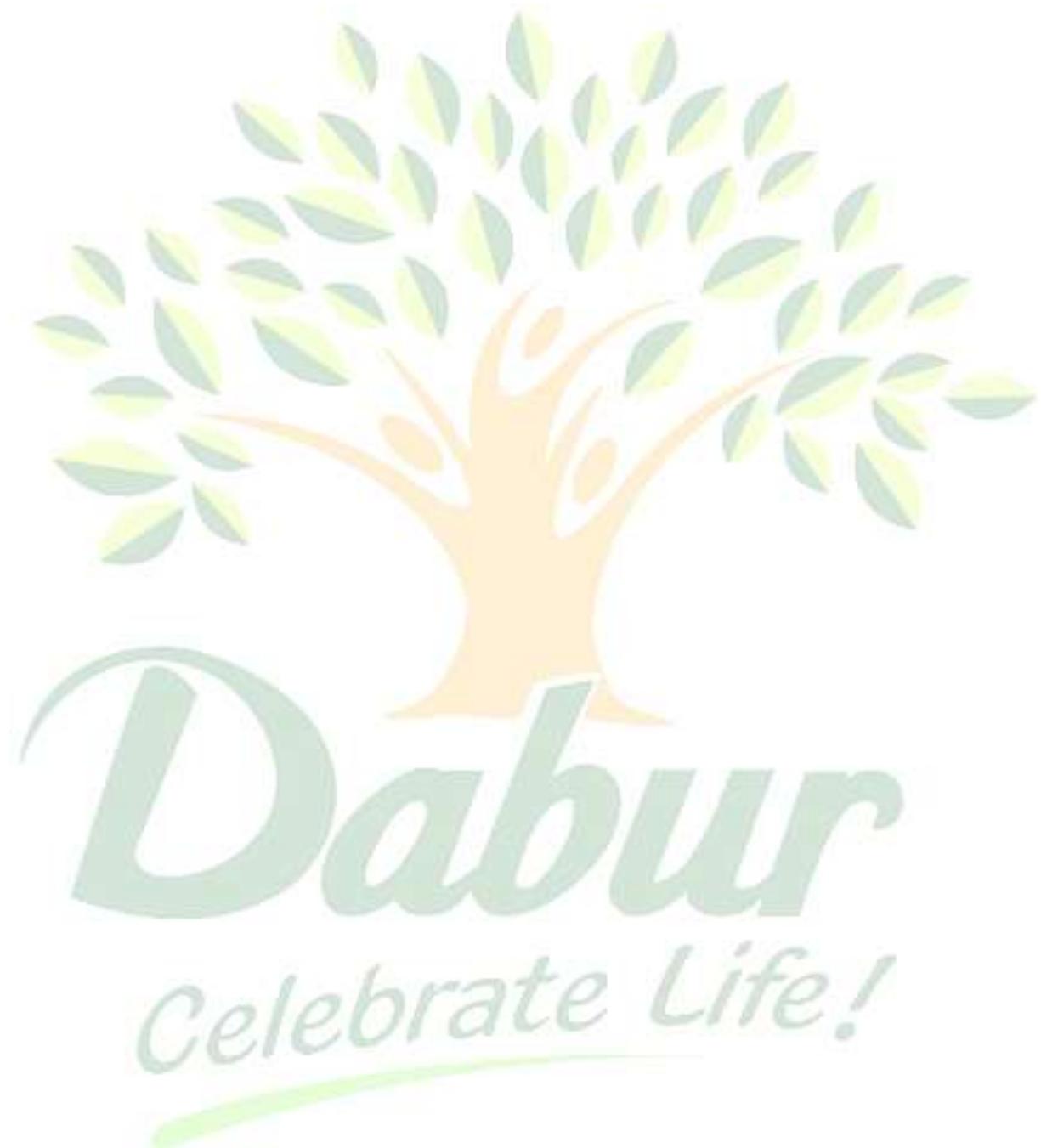
(D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

(vii) who is not less than 21 years of age.

(viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

Note: The above criteria may be amended by the Ministry of Corporate Affairs or by SEBI from time to time. In case of any inconsistency between the above-mentioned criteria and that prescribed under the Act and the Listing Regulations, the criteria prescribed by the Act and the Listing Regulations shall prevail.



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 (50th to 60th percentile) 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 that are meaningful to the performer, consistent with our strategy, and reinforce our culture.
5. Helps to make our pay competitive (70th to 90th percentile) 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.
4. Remuneration (apart from sitting fee), including profit related commission, by whatever name called, for a period not exceeding 5 years (starting from 1.4.2019) as approved by Board of Directors of the Company, not exceeding 1% of the net profits of the Company in any financial year in terms of section 197 of the Companies Act, 2013 and computed in the manner referred in section 198 of the said Act.

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
