

# SHAMROCK INDUSTRIAL COMPANY LIMITED

## REMUNERATION POLICY



### POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT OF SHAMROCK INDUSTRIAL COMPANY LIMITED

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## **REMUNERATION POLICY**

### **POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT – SHAMROCK INDUSTRIAL COMPANY LIMITED**

#### **FOREWORD**

A transparent, fair and reasonable process for selection of directors, key managerial personnel and senior management and appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals for managing its affairs from directors level right through to support staff.

#### **REGULATORY BACKGROUND**

As per revised clause 49 of listing agreement and section 178 of the Companies Act, 2013 the Board of Directors of every listed company shall constitute a Nomination and Remuneration Committee and the role of the committee shall, *inter-alia*, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other senior management employees;
2. Formulation of criterion for evaluation Directors performance on the Board and also the performance of the Board as a whole.
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

#### **Section 178 (4) of the Companies Act, 2013 stipulates that while formulating the policy the Committee shall ensure that —**

- a) 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;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) 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;

In view of the above, a policy is formulated and established for nomination and remuneration of Directors, key managerial personnel and senior management of the Company.

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### 1. PURPOSE

This Policy on nomination and remuneration (the "Policy") describes the process through which candidates for possible inclusion in the Company's recommended slate of director, key managerial personnel and senior management (the "Candidates") are selected. The Policy is established and administered by the Nomination and Remuneration Committee (the "Committee") of Shamrock Industrial Company Limited (the "Company").

### 2. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

- a) **"Board"** refers to collective body of board of directors of the Company.
- b) **"Director"** means a director as defined under section 2(34) of the act except nominee director and director appointed by small shareholders.
- c) **"Key Managerial Personnel"** means a person appointed pursuant to section 203 of the act.
- d) **"Nomination and Remuneration Committee"** means a committee formed pursuant to section 178 of the act.
- e) **"Senior Management"** includes all personnel just below one level of board of directors of the Company and whose reporting is directly to the executive directors of the Company.
- f) **"The Act"** means Companies Act, 2013.
- g) **"The Company"** means Shamrock Industrial Company Limited incorporated under Companies act 1956

## **PART A – NOMINATION POLICY**

### 3. BOARD MEMBERSHIP CRITERIA

The Committee is responsible for, among other things for identifying individuals qualified to become members of the Company's Board of Directors (the "Board") and recommending to the Board, the nominees to stand for election as directors. The Nomination Committee shall take into account all of the following criteria while determining the qualifications of any candidate for director:

**Integrity and Judgment:** Directors should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company's values.

**Qualification & Knowledge:** Directors should be financially literate and have a sound understanding of business strategy, corporate governance and board operations.

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**Diversity:** Directors should be capable of representing the multi-cultural nature of our global corporation with consideration being given to a diverse board in terms of gender and ethnic membership. In addition, the Committee shall take into account diversity in professional experience, skills and background.

**Independence:** Directors who are not current or former management should meet the spirit as well as the letter of the applicable independence standards. In addition, all Directors should be independent in their thought and judgment so that they represent the long-term interests of all shareholders of the Company.

**Experience and Accomplishments:** Directors should have significant experience and proven Superior performance in professional endeavors whether this experience is in business, government, academia or with non-profit organizations.

**Board Interaction:** Directors should value board and team performance over individual performance, demonstrate respect for others and facilitate superior board performance. Directors should be willing and able to devote the time required to become familiar with Company's business and to be actively involved in the Board and its decision-making.

**Skills:** Directors should have expertise in one or more of the areas such as accounting and finance, technology, management, international business, compensation, legal, HR, corporate governance, strategy, industry knowledge and general business matters.

### **4. IDENTIFICATION OF CANDIDATES FOR BOARD MEMBERSHIP**

#### **A. Internal Process for Identifying Candidates.**

The Committee has two primary methods for identifying Candidates. First, the Committee may solicit ideas for possible Candidates from a number of sources including present members of the Board; senior level Company executives; individuals personally known to the members of the Board; and research, including database and Internet searches.

#### **B. External Process for Identifying Candidates.**

Second, the Committee may from time to time retain at the Company's expense one or more search firms to identify Candidates (and to approve any such firms' fees and other retention terms). If the Committee retains one or more search firms, such search firms may be asked to identify possible Candidates who meet the qualifications expressed in this Policy, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the Board, the Committee and each Candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Committee.

### **5. RECOMMENDATION OF CANDIDATE**

The Committee will consider all Candidates identified through the processes described above, and will evaluate each of them, based on the criteria set forth above and if thought fit, will recommend their appointment to the Board.

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### 6. CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL

The Committee is also responsible for identifying individuals qualified to occupy position of key managerial personnel and in the senior management of the Company and selecting, or recommending to the Board their appointment. The Nomination Committee shall take into account all of the following criteria when determining the qualifications of any candidate in senior management position:

**Integrity and Judgment:** Candidate should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company's values.

**Qualification & Knowledge:** Candidate should have expert knowledge in his field of work and should have industry knowledge and general business matters.

**Independence:** The candidate should be independent in his thought and judgment so that he represents the long-term interests of the Company.

**Experience and Accomplishments:** The candidate should have significant experience and proven superior performance in his professional endeavors

### 7. IDENTIFICATION OF CANDIDATES FOR SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL ROLE

#### **A. Internal Process for Identifying Candidates**

The Committee may solicit ideas for possible Candidates from a number of sources including present members of the Board; senior level Company executives; individuals personally known to the members of the Board; and research, including database and Internet searches.

#### **B. Identification through Human Resource Department**

The Committee may instruct human resource department to search through its available resources/network an appropriate candidate for the required position in senior management.

#### **C. External Process for Identifying Candidates**

The Committee may from time to time retain at the Company's expense one or more search firms to identify Candidates (and to approve any such firms' fees and other retention terms). If the Committee retains one or more search firms, such search firms may be asked to identify possible Candidates who meet the qualifications expressed in this Policy, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the Board, the Committee and each Candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Committee.

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### **8. RECOMMENDATION**

The Committee shall consider all Candidates identified through the processes described above, and shall evaluate each of them, based on the criteria set forth above and if thought fit, will recommend their appointment to the Board.

## **PART B – REMUNERATION POLICY**

### **9. EXECUTIVE DIRECTOR REMUNERATION**

#### **Main principles**

The Remuneration and Nomination Committee's reward policy reflects its obligation to align executive directors' remuneration with shareholders' interests and to engage appropriately qualified executive talent for the benefit of the group. The nomination and remuneration committee shall consider following criteria before recommending the remuneration of executive directors:

- Ø Reward reflects the competitive global market in which the company operates.
- Ø Individual reward should be linked to performance criteria.
- Ø Executives should be rewarded for both financial and non-financial performance.

#### **Elements of Remuneration**

The executive directors' total remuneration consists of the following:

- Ø Salary - each executive director receives a fixed sum payable monthly in cash.
- Ø Perquisites and allowances, if deem fit by remuneration committee
- Ø other benefits - executive directors are eligible to participate in superannuation schemes and such other benefits as may be prescribed the nomination and remuneration committee.

#### **Overall Director Remuneration**

Overall managerial remuneration shall not exceed 11% of net profit of the Company for a particular financial year. No remuneration (except sitting fees) shall be paid to any director of the company unless it is recommended to the board by remuneration committee of the Company and other applicable statutory provisions are complied with.

### **10. NON-EXECUTIVE DIRECTOR REMUNERATION**

No remuneration shall be paid to non executive directors except sitting fees in the manner and as per the terms as approved by board of directors of the Company. The Nomination and remuneration Committee, if deem fit, may recommend to the board remuneration to non executive directors not exceeding 1% of net profit of the Company.

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### 11. FORMS OF REMUNERATION

#### **Fixed Remuneration**

The Board in consultation with the Nomination & Remuneration Committee will from time to time determine the fixed remuneration level for all Directors, key managerial personnel and senior management. For other employees, respective department heads, under an intimation to Human Resource Department, are allowed to fix such remuneration as they deem fit. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

#### **Performance based Remuneration**

In addition to fixed remuneration, the Company may implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will be disclosed to relevant employees regularly.

### 12. EMPLOYEE ENTITLEMENTS

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

### 13. REVIEW

The Nomination & Remuneration Committee is responsible for the monitoring, implementation and review of this policy. The Nomination & Remuneration Committee will provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company.

This Policy is intended to provide a set of flexible guidelines for the effective functioning of the Company's nominations process for directors, KMPs and senior management. The Committee intends to review this Policy at least annually and anticipates that modifications may be necessary from time to time as the Company's needs and circumstances evolve, and as applicable legal or listing agreement change. The Committee may modify or amend this Policy at any time without advance notice.

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