NATIONAL PEROXIDE LIMITED

NOMINATION AND REMUNERATION COMMITTEE CHARTER

(Effective from the date of approval by the Board)

1. Principles and Objectives

1.1. The Nomination and Remuneration Committee ("Committee or NRC") of the Board of Directors ("Board") of National Peroxide Limited will report to the Board and shall support the Board in matters related to following:

- Setting-up the composition of the Board, its Committees, *Senior Management / Executive Team of the Company comprising of Directors including Independent Directors and Key Managerial Personnel's ("Key Managerial Personnel's or KMP" as defined by the Companies Act, 2013).
- 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 of directors their appointment and removal.
- Formulating criteria for evaluation of performance of the Board, its committees and individual directors.
- Recommending remuneration for directors, KMPs, Senior Management / Executive Team and other employees which the Committee may consider appropriate.
- Oversight of the familiarisation programme of directors.
- Oversight of the HR philosophy, HR and People strategy and key HR practices.

2. Composition

2.1. The committee shall comprise of at least three directors and all the directors of the committee shall be non-executive directors, out of which at least two-thirds of the directors shall be independent directors.

2.2. The Chairperson of the Board (whether executive or non-executive) may be appointed as a member of the committee but shall not chair the committee.

2.3. The Chairperson of the committee shall be an Independent Director, from amongst the members of the committee.

2.4. The Chairperson of the Committee may be present at the Annual General Meeting, to answer the shareholders' queries; however, it shall be up to the Chairman to decide who shall answer the queries.

2.5. The Head of Human Resources of the Company shall assist the committee and shall attend the meetings of the Committee as per requirement on invitation.

2.6. The Company Secretary of the Company shall act as the Secretary to the Committee and will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting.

3. Meetings

3.1. The Committee may establish an Annual Work Plan ("AWP") for each year to ensure that all the relevant matters are covered by the agendas of the meetings planned for the year.

3.2. The committee shall meet at least once in a year or at such frequency as may be specified by law.

4. Quorum for the meeting

The quorum for the meeting of the Committee shall be either two members or one-third of the Members of the Committee, whichever is greater, including at least one independent director in attendance.

5. Authority and Power

The committee shall have the power to:

- Investigate any matter within the scope of this charter or as referred to it by the Board.
- Seek any information or explanation from any employee or director of the Company.
- Invite such executives, as it considers appropriate to be present at the meetings of the committee.
- Ask for any records or documents of the Company.

The Committee may also engage (on reasonable terms acceptable to the Board and at the expense of the Company) independent consultants and other advisors and seek their advice on matters related to discharge of their responsibilities.

6. Responsibilities

The responsibilities of the committee shall include the following:

6.1. ***Board Composition and Succession related***:

- Recommend to the Board the setup and composition of the Board. This shall include "Formulation of the criteria for determining qualifications, positive attributes and independence of a director". This also includes periodical review of composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Support the Board in matters related to the setup, review and refresh of the committees.
- Devise a policy on Board diversity.
- Recommend to the Board the appointment or reappointment or removal of directors. For the purpose of identification of prospective directors, the committee may be supported by Group Executive Office.
- For every appointment of an independent director, the Committee shall 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. For the purpose of identifying suitable candidates, the Committee may:
  a) use the services of 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.
- Recommend to the Board, appointment of at least one independent director of the Company, as a director on the Board of Directors of an unlisted **material subsidiary and the manner of voting on resolution for such appointment. Material subsidiary shall have the same meaning as defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Recommend to the Board, the appointment of Senior Management / Executive Team members of the Company including KMP. The committee shall consult the Audit Committee of the Board before recommending the appointment of the Chief Financial Officer ("CFO").
- Formulate and recommend to the Board plans for orderly succession for appointments to the Board, KMP and other Senior Management / Executive Team.

6.2. ***Evaluation related***:

- The Committee shall formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
- The Committee shall specify the manner for effective evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by Nomination and Remuneration Committee or by an Independent external agency and review its implementation and compliance.
- Oversee the performance review process for the KMP and Senior Management Team with the view that there is an appropriate cascading of goals and targets across the Company.

6.3. ***Remuneration related***:

- Recommend to the Board, the remuneration policy for the Directors, KMP, Senior Management / Executive Team and other employees. This includes review and recommendation of the design of annual and long term incentive plan (includes deferred payment plans, equity plans, etc.) for Managing Director ("MD")/ Executive Directors ("ED"), KMP and the Senior Management/ Executive team. While formulating such a policy the committee shall ensure 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;
    - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - remuneration to Directors, KMP and Senior Management / Executive Team 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.

- On an annual basis, recommend to the Board the remuneration payable to Directors, KMP and Senior Management / Executive Team of the Company. This includes review and recommendation of actual payment of annual and long term incentives for MD / EDs, KMP and Senior Management Team.
- Review matters related to remuneration and benefits payable upon retirement and severance to MD/EDs, KMP and Senior Management / Executive Team.
- Review matters related to voluntary retirement and early separation schemes for the Company.
- Provide guidelines for remuneration of Directors on Material Subsidiaries.
- Assist the Board in fulfilling its Corporate Governance responsibilities relating to remuneration of Board, KMP and Senior Management / Executive Team members.

6.4. ***Board Development related***:

- Oversee familiarization programmes for Directors.

6.5. ***Review of HR Strategy, Philosophy and Practices***:

- Review HR and People strategy and its alignment with the business strategy periodically or when a change is made to either.
- Review the efficacy of HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and Senior Management / Executive Team).

6.6. ***Other functions***:

- Perform other activities related to the charter as requested by the Board from time to time.

7. Reporting

The committee will periodically report to the Board on various matters that it has considered.

8. Evaluation

The committee shall undergo an annual self-evaluation of its performance and report the result to the Board. Indicative areas for evaluation as part of this exercise include:

- Degree of fulfilment of key responsibilities,
- Adequacy of committee composition,
- Effectiveness of meetings,
- Committee dynamics,
- Quality of relationship of the committee with Board and management.

9. Review of Charter

The adequacy of this charter shall be reviewed and reassessed by the committee, periodically and appropriate recommendations shall be made to the Board to update the charter based on the changes that may be brought about due to any regulatory framework or otherwise.

10. Subsidiary Companies

Subsidiary companies of the Company shall also form Nomination and Remuneration Committee, if applicable under law. The Committee shall share with subsidiary companies of the Company such policies and practices as would enable the Board and the Committee of those companies to harmonize their policies and practices with those of the parent company. If required, it shall also provide any assistance that such subsidiaries may require.

*In terms of Section 178 of the Companies Act, 2013 - **"Senior Management"** means 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 Executive Directors, including the functional heads.

In terms of Regulation 16(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) - **"Senior Management"** shall mean officers / personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the CEO / MD / Whole-time Director / Manager (including CEO / Manager, in case they are not part of the Board) and shall specifically include Company Secretary and CFO.

In this document, the term **"material subsidiary" shall have the same meaning assigned to this phrase under the applicable law. However, if the law does not prescribe any definition, then, a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.