

## **Terms of Reference of the Nomination and Remuneration Committee (“Charter”)**

In line with the provisions of the Companies Act 2013 read with the applicable rules made thereunder (as amended) (“Companies Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Governance Guidelines released by Tata Group HR, this Charter specifies the Objectives, Scope, Composition, Conduct of Meetings, Review Mechanism, and Responsibilities & Authorities, of the Nomination and Remuneration Committee of the Board of Directors of Trent Limited (“Committee”).

The Terms of Reference of the Committee are approved by the Board and may be amended by the Board at any time.

### **1.0 Objectives & Scope of the Committee**

1.1 The Committee shall discharge the Board’s responsibilities towards shareholders, the investment community, society and other stakeholders with respect to Appointment, Performance Evaluation, Remuneration and Removal of Directors, Key Management Personnel and members of the Executive Team. The Committee shall also perform such other duties and responsibilities as may be consistent with the terms of reference as included in this Charter.

- 1.2
- a) *‘Board of Directors’ or ‘Board’* refers to the collective body of the Directors of the company.
  - b) *‘Key Management Personnel’* refers to:
    - i. the Chief Executive Officer or the Managing Director or the Manager;
    - ii. the Company Secretary;
    - iii. the Whole-time Director;
    - iv. the Chief Financial Officer;
    - v. 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
    - vi. such other officer as may be prescribed under applicable laws;
  - c) *‘Members of the Executive Team’* refers to members of the Core Management Team excluding the Board of Directors and shall be deemed to comprise all members of the Management, one level below the Executive Directors, including the functional heads.

### **2.0 Composition**

#### **2.1 Chairperson**

- (a) 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.
- (b) The Chairperson of the Committee shall be an Independent Director, from among the members of the Committee. In the absence of the Chairperson of the Committee, the members present at any meeting shall elect one of the independent director among themselves to Chair the meeting.
- (c) The Chairperson of the Committee should be present at the Annual General Meeting of the Company to answer shareholders queries.

## 2.2 Membership

- (a) The Committee shall comprise three or more Non-Executive Directors, out of which at least two-thirds shall be Independent Directors.
- (b) Appointments to the Committee shall be determined by the Board in consultation with the Chairperson of the Committee, after having regard to the Director's experience, performance, suitability, and independence. A Director shall automatically cease to be a Committee member on ceasing to be a Director.

## 2.3 Secretary

- (a) The Chief Human Resource Officer (referred by whatsoever designation) ("CHRO") shall act as Secretary to the Committee and shall be present at all meetings of the Committee.
- (b) The Secretary shall ensure members receive notice, information, and papers in a timely manner to enable full and proper consideration to be given to the issues.

## 3.0 Meetings of the Committee

### 3.1 Quorum

The quorum of the Committee meetings shall be either two members or two-thirds of the members of the committee, whichever is greater, of the Committee. However, at least one independent member must be present.

### 3.2 Attendance and voting at Meeting(s)

- (a) Only Committee members shall have the right to attend Committee meetings, but the Committee may invite any such of the executives or Members of the Board as it considers appropriate to be present at the meetings of the Committee.
- (b) The Chief Executive Officer / Managing Director shall normally be invited to attend Committee meetings except when his or her own remuneration is under discussion.
- (c) No Committee member or attendee shall be involved in any decision or be present at any meeting where his or her own remuneration is under discussion. Committee members shall declare any potential conflict of interest prior to the discussion of any matter and shall not vote on such matters.
- (d) If there is an equality of votes, the Chairperson of the Committee shall have a casting vote.

### 3.3 Frequency of meetings

The Committee shall meet as often as needed to discuss the matters laid out in the Charter. However, the Committee shall meet at least once in a year.

### 3.4 Notice of meetings

- (a) The Committee meetings shall be called by the Company Secretary at the request of the Chair of the Committee.
- (b) The agenda and supporting materials for the items to be discussed shall be forwarded to each member of the Committee and any other person required to attend in a timely manner to enable full and proper consideration to be given to the issues. Unless otherwise agreed this shall be no later than seven days before the date of the meeting.

### 3.5 Minutes of meetings

- (a) The Secretary to the Committee shall minute the proceedings and decisions of all Committee meetings.
- (b) The Minutes shall be circulated to all Committee members, including the Chairperson.

3.6 Without prejudice and in addition to the above, the Meetings of the Committee shall be conducted in accordance with the provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (as amended) ("Secretarial Standards") read with provisions of the Companies Act. In case of any conflict between the Terms of Reference of the Committee, as included in this Charter and the Secretarial Standards read with the Companies Act, the latter shall be considered to override the former, with respect to minimum compliance requirements.

## **4.0 Responsibilities of the Committee:**

- 4.1 Recommend to the Board the set-up and composition of the Board and its committees. This shall include "Formulation of the criteria for determining qualifications, positive attributes and independence of a director".
- 4.2 The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- 4.3 Recommend to the Board the appointment or reappointment of directors (other than the Directors retiring by rotation and being eligible for re-appointment in the same capacity). 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.

The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. 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.

- 4.4 Formulation of criteria for evaluation of performance of independent directors and the board of directors in conformity the applicable regulations, as issued and amended from time to time
- 4.5 Identify persons who are qualified to become executive 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.
- 4.6 Decide 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. recommend to the board, all remuneration, in whatever form, payable to senior management.
- 4.7 Devise a policy on Board diversity.
- 4.8 Recommend to the Board, appointment of Key Managerial Personnel and members of the Executive Team of the company.
- 4.9 Support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors. This shall include "Formulation of criteria for evaluation of Independent Directors and the Board." Additionally, the committee may also oversee the performance review process of the KMP and members of the Executive Team of the company.
- 4.10 Recommend to the Board the remuneration policy for directors, KMP, Executive team members and for other employees of the Company.
- 4.11 On an annual basis, recommend to the Board the remuneration payable to directors and KMP and members of the Executive Team of the Company.
- 4.12 Oversee familiarization programs for directors.
- 4.13 Provide guidelines for remuneration of Directors on Material Subsidiaries.
- 4.14 The Committee of a parent/ holding company shall recommend to its Board how the company will vote on resolutions for appointment and remuneration of directors on the Boards of its material subsidiary companies.
- 4.15 Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

## **5.0 Authority & Powers**

- 5.1 The Committee shall have the powers:
  - (a) To investigate any activity within the scope of this Charter or referred to it by the Board.
  - (b) To seek any information or explanation from any employee or Director of the Company and to call any employee to be questioned at a Committee.
  - (c) To ask for any records or documents of the Company.
  - (d) To engage independent consultants and other advisors and seek their advice.

5.2 The Committee shall also be authorised to use internal resources and/or to obtain external professional advice, including from independent remuneration consultants, as appropriate, at the Company's expense and to obtain up-to-date, reliable information about remuneration in other companies. The Committee shall have exclusive responsibility for appointing, retaining and terminating the services of any external advisers and approving their fees and retention terms.

5.3 All employees of the Company are directed to co-operate with any request made by the Committee.

## **6.0 Duties and responsibilities**

6.1 The Committee shall have such duties and responsibilities as included in the provisions of applicable laws including the Companies Act.

## **6.2 Remuneration**

The Committee shall:

- (a) design, determine and recommend to the Board the remuneration policy (as referred above in Point No. 4.10), including any pension benefits and compensation payments, of the Chair of the Board, the Executive Directors and senior management, including the Company Secretary. The objective of such policy shall be to attract, retain and motivate the employees including the members of Executive Team successfully, without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- (b) ensure the remuneration policy promotes the long-term sustainable success of the Company having regard to the Company's culture and risk appetite and clearly linked to the successful delivery of the Company's long-term strategy, including environmental, social and governance metrics;
- (c) ensure that the remuneration policy enables the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified circumstances. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance;
- (d) set individual remuneration arrangements for the Chair of the Board, the Executive Directors and senior management, taking into account, amongst other things: the total remuneration package; relevant legal and regulatory requirements and the matters set out in the provisions of applicable laws including the Companies Act; remuneration trends; individual performance; pay and workforce policies, practices and conditions across the Company as a whole; overall market positioning of the remuneration package; individual base salaries and increases; and annual and long-term incentive/bonus arrangements. In addition, the Committee shall set the relevant targets for performance related schemes (subject to the rules of the schemes) and other benefits as well as pension arrangements.
- (e) consider the Charter requirements for clarity, simplicity, risk mitigation, predictability and proportionality and alignment to culture when determining executive director remuneration policy and practices.
- (f) ensure that all payments to Directors are consistent with the latest shareholder approved

remuneration policy or are otherwise approved separately by shareholders; approve the service contracts of all Executive Directors, including termination arrangements, and ensure that any compensation payable (including pension and long-term incentive matters) on such termination is fair to the individual and the Company, and that failure is not rewarded and that the duty to mitigate loss is fully recognised;

- (g) approve any benefit, pension and/or incentive scheme entitlement, any other bonuses and fees, and a formal policy for post-employment shareholding requirements of all Executive Directors;
- (h) review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration;
- (i) oversee any major changes in employee benefits structures throughout the Group;
- (j) annually review the on-going appropriateness and relevance of the remuneration policy;
- (k) review the terms of any new share scheme; and
- (l) agree the policy for authorising claims for expenses from the Chair of the Board and Chief Executive Officer / Managing Director.

It is expected that members of the Executive Team (including the Key Managerial Personnel) will be considered to be “senior management” for the purpose of these Terms of Reference. In addition to Executive Committee members, the Committee may, at its discretion and after consultation with its Chairperson and the Secretary, decide which other executives are also determined to be senior management.

### 6.3 People

The Committee shall oversee, on behalf of the Board, the implementation of the Board approved People Strategy for the Company and its subsidiaries. In particular it shall;

- (a) oversee implementation of the People strategy and as necessary, make recommendations to the Board regarding changes to or approval of the strategy;
- (b) oversee the process for the talent strategy and the development of a diverse pipeline of succession below senior management;
- (c) review and oversee the implementation of the diversity, equity, and inclusion strategy, including performance against diversity objectives;
- (d) oversee the approach towards workforce engagement including reviewing the results of the Employee Engagement Survey and the related action plans;
- (e) oversee a programme of Board engagement activities to enable the Non-Executive Directors to have regular dialogue with employees across the Group to inform their view of employee engagement; and
- (f) Review the organization structure to ensure that the structure is adequate, commensurate and appropriate for the long term aspirations of the organization.
- (g) oversee the Group’s Well-being policies, programmes and performance.

#### 6.4 Other Duties

The Committee shall:

- (a) at least annually, review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board, for approval;
- (b) liaise as necessary with the Chief Executive Officer / Managing Director and/or the Secretary, as relevant, regarding the remuneration packages offered to newly appointed Executive Directors and members of senior management (and ensure they are within the overall remuneration policy);
- (c) make recommendations to the Board on any area within its remit where action or improvement is needed;
- (d) work and liaise as necessary with all other Board Committees and undertake any other duties as directed by the Board; and
- (e) be provided with appropriate and timely training and sufficient resources to undertake its duties, including access to the Company Secretariat for assistance as required.

#### **7.0 Reporting**

- 7.1 The Chairperson of the Committee shall report to the Board on the Committee's proceedings and the Committee shall make such recommendations to the Board as it deems appropriate.
- 7.2 The Annual Report of the Company shall disclose the composition of the Committee, and such other disclosures as may be mandated in terms of the provisions of applicable laws.

#### **8.0 Compensation**

- 8.1 Members of the Committee shall receive such sitting fees and/or commission, if any, for their services as the Nomination & Remuneration Committee members as may be determined by the Board in its sole discretion.

#### **9.0 Evaluation**

- 9.1 The Committee shall conduct an annual self-evaluation of its performance and report the result to the Board of Directors. It shall confirm annually to the Board that the responsibilities outlined above have been carried out.

#### **10.0 Review of the Committee Charter**

- 10.1 The adequacy of this Charter shall be reviewed and reassessed by the Committee annually. Appropriate recommendations shall be made to the Board (based on changes that may be brought about to the regulatory framework or otherwise) from time to time to update the Charter.