

POLICY FOR APPOINTMENT AND REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

DEFINITIONS

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

“Board” means Board of Directors of the Company.

“Company” means Mahindra Agri Solutions Limited.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR” means the Human Resource Department of the Company.

“Key Managerial Personnel” (KMP) refers to Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);
- (ii) Chief Financial Officer (CFO);
- (iii) Company Secretary (CS); and
- (iv) 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.

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are Members of its Core Management Team excluding Board of Directors comprising of all Members of Management one level below the Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The First part of the Policy sets out the approach to appointment of Directors, Key Managerial Personnel and Senior Management Personnel in Mahindra Agri Solutions Limited.

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board Member, the NRC shall take, inter alia, into account the following criteria regarding qualifications, positive attributes and independence of Director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Member. The Board through the Chairman or Managing Director or Manager will interact with the new Member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in Senior Management Team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of the Chairman or Managing Director or Manager based on the business need and the suitability of the candidate.

II. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The second part of the Policy sets out the approach to compensation of Directors, Key Managerial Personnel and other employees in Mahindra Agri Solutions Limited.

POLICY STATEMENT

We have a well-defined Compensation Policy for Directors, Key Managerial Personnel and all employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Non- Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities

undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders Resolution.

MANAGING DIRECTOR OR EXECUTIVE DIRECTORS OR MANAGER

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Managing Director or Executive Director or Manager as the case may be.

KEY MANAGERIAL PERSONNEL (KMPS)

The terms of remuneration of Key Managerial Personnel of the Company shall be determined in such manner and by such persons as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

The remuneration to Directors, KMPs 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.

EMPLOYEES

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade.

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors) in accordance with the ESOP Scheme of the Company as may be formulated and subject to the compliance of the applicable statutes and regulations.