

SHERATON PROPERTIES & FINANCE LIMITED

NOMINATION AND REMUNERATION POLICY

(W.E.F. 05/06/2021)

Introduction:

The purpose of the policy on Nomination and Remuneration Committee shall assist the Nomination and Remuneration Committee (the “Committee”) in determining and recommendation to Board relating to compensation of Company’s executive directors and other senior level employees / personnel and Key Managerial Personnel (KMP’s) etc, whenever deemed necessary.

Objectives of the Policy (Terms of Reference of the committee as per the provisions of Section 178 the Companies Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations):

- I. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- II. To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- III. For every appointment of an independent director, the Nomination and Remuneration 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 an 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.
- IV. To identify the persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy and recommend to the Board their appointment and removal;
- V. To recommend to the board on appointment and removal of Director, Key Managerial Personnel and Senior Management Personnel;
- VI. To devise a policy on Board’s Diversity;
- VII. To assist whether to extend or continue the term of appointment of an independent director, on the basis of the report of performance evaluation of independent directors. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.;

- VIII. To recommend to the Board, all remuneration in whatever form, payable to senior management.
- IX. Recommend to the Board for effective evaluation of performance of the Board, its committees and individual Directors to be carried out either by the Board, by the Committee or by any an independent external agency and review its implementation and compliance.

This Policy is divided in two parts:

Part A - Policy for appointment of and payment of remuneration to Director, Key Managerial Personnel and other employees.

Part B - Policy on Diversity of Board of Directors of the Company

Part A – Policy for Appointment of and Payment of Remuneration to Director, Key Managerial Personnel and other employees.

Definition:

- **Board:** Board means Board of Directors of the Company.
- **Director:** Director means Director of the Company appointed in accordance with the Companies Act, 2013.
- **Committee:** Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **Company:** Company means Sheraton Properties & Finance Limited.
- **Independent Director:** Independent Director means a Director as per section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- **Key Managerial Personnel:** Key Managerial Personnel (KMP) means- the Chief Executive Officer or the Managing Director or the Manager;
 - the Company Secretary;
 - the Whole-time Director;
 - the Chief Financial Officer; and
 - 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
 - such other officer as may be prescribed
- **Senior Management:** The expression Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole-time Director/ Manager (including Chief Executive Officer/ Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.
- **Other Employees:** The expression shall mean all the permanent employees of the Company excluding the Board of Directors and the Key Managerial Personnel.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined under the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 as may be amended from time to time, shall have the meaning respectively assigned to them therein.

Applicability:

The Policy is applicable to:

- Directors (Executive and Non-Executive);
- Key Managerial Personnel (hereinafter referred to as “KMP”);
- Senior Management Personnel and other employees.

Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute/ re-constitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement.

General Appointment Criteria:

- I. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, Independent Director or KMP and accordingly recommend to the Board his / her appointment.
- II. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- III. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- IV. While evaluating the person for appointment / re-appointment of Senior Management position, it needs to be consider individual’s background, competency, skills, educational and professional background, age and relevant experience and the same shall be then recommended to the Chief Executive Officer (hereinafter referred to as “CEO”) and / or Managing Director of the Company. The CEO and/or the Managing Director of the Company in accordance with the applicable provisions of the Companies Act, 2013 and in accordance with the Company’s requirements, shall make appointment / re-appointments of Senior Management Personnel.

Additional Criteria for Appointment of Independent Directors:

The appointment of Independent Directors shall be governed as per the provisions of Section 149 read with Schedule IV of the Companies Act, 2013

(as amended from time to time) and applicable regulation of SEBI (LODR) Regulations, 2015 (as amended from time to time).

Term / Tenure:

The Term/ Tenure of the Directors/ Independent Directors/ KMP shall be determined by the Committee in accordance with the provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to approval of shareholders of the Company by way of a special resolution as per the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Directors and Key Managerial Personnel, Senior Management Personnel and other employees shall retire as per the provisions of the applicable Acts, Rules and Regulations and in accordance with the prevailing HR policy of the Company.

Remuneration:

The Committee will recommend the remuneration to be paid to the CEO and/or the Managing Director, Whole-time Director, KMP and other employees as specified in this Policy to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be made clear and should meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

Annual Evaluation:

The annual evaluation of the Directors, Independent Directors and KMP shall be carried out by the Board of Directors of the Company in pursuance of the Annual Performance Evaluation Policy of the Company.

PART-B – POLICY ON DIVERSITY OF BOARD OF DIRECTORS OF THE COMPANY

A. Policy Statement:

The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company. Diversity at Board level is an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of varieties of skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when required should be balanced appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively. In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed.

I. Optimum Composition:

- a) The Board shall have an optimum combination of Executive and Non-Executive Directors and not less than 50% of the Board of Directors comprising Non-Executive Directors.
- b) At least one-third of the Board should comprise of Independent Directors where Chairperson of the Board is Non-Executive Director. However, if the Company does not have a regular non-executive Chairperson, at least half of the board of directors shall comprise of independent directors.

II. Recommendation:

While recommending the appointment of new Directors, the Committee will:

- a) Review Board composition, consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.
- b) Identify suitable candidates for appointment to the Board, consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

- c) 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.

III. Functional Diversity:

- a) Appointment of Directors to the Board of the Company should be based on specific needs and business of the Company. Appointment should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company;
- b) Knowledge and experience in domain areas such as finance, legal, risk management, industry, and so on, should be duly considered while making appointments to the Board level;
- c) While appointing Independent Directors, care should be taken as to the independence of the proposed appointee;
- d) Directorships in other companies may also be taken into account while determining the candidature of a person.

IV. REVIEW AND AMENDMENTS:

The Committee can amend the policy as and when deemed fit. Any or all provisions of this policy are subject to revision / amendment in accordance with the rules / regulations / notifications etc. as maybe issued by the relevant statutory authorities from time to time.

In case of any amendment(s) / clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.