



Century Plyboards (India) Limited

---

# **REMUNERATION POLICY**

---

FOR THE MEMBERS OF BOARD,  
KEY MANAGERIAL PERSONNEL AND  
SENIOR MANAGEMENT PERSONNEL

---

## **1. Preamble**

- 1.1 The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “**Executives**”). The expression “senior management” shall mean officers/ personnel of the listed entity 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 chief executive officer/managing director/whole time director/executive 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.
- 1.2 The policy may be reviewed as and when required by the Nomination and Remuneration Committee of the Board of Directors .

## **2. Aims & Objectives**

- 2.1 The aims and objectives of this remuneration policy may be summarized as follows:
- 2.1.1 The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level and to ensure their long term sustainability.
- 2.1.2 The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- 2.1.3 The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
- 2.1.4 The remuneration policy will ensure that 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.

### **3. Principles of remuneration**

- 3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 Internal equity: The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- 3.4 External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 3.6 Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 3.7 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

### **4 Nomination and Remuneration Committee (NRC)**

- 4.1 Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.

4.2 The Committee shall carry out responsibilities as assigned by the Board, which may include the following.-

- 4.2.1 Recommending/ reviewing remuneration of the Managing Director(s) / Whole-time Director(s)/ Executive Directors based on their performance and defined assessment criteria;;
- 4.2.2 formulating 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 employees;
- 4.2.3 identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the laid down criteria and recommend to the Board their appointment and removal;
- 4.2.4 Formulating the criteria and specifying the manner for effective evaluation of performance of Board, its Committees and individual Directors including independent directors, reviewing its implementation and compliance and also carrying out of such evaluation either by the NRC or the Board or an independent external agency;
- 4.2.5 recommending to the Board, all remuneration, in whatever form, payable to senior management;
- 4.2.6 recommending whether or not to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
- 4.2.7 devising a policy on Board diversity

4.3 The Committee shall:

- 4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;
- 4.3.2 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- 4.3.3 obtain reliable, up-to-date information about remuneration in other companies;

4.3.4 ensure that no director or executive is involved in any decisions as to their own remuneration.

4.4 Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:

4.4.1 operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);

4.4.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and

4.4.3 review the terms of executive Directors' service contracts from time to time.

## **5 Procedure for selection and appointment of the Board Members**

### **5.1 Board membership criteria**

5.1.1. The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations

5.1.2. In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.

5.1.3. Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

- 5.1.4. In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- 5.1.5. The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business.

## **5.2 Selection of Board Members/ extending invitation to a potential director to join the Board**

- 5.2.1. One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.
- 5.2.2. The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board

## **6. Procedure for selection and appointment of Executives other than Board Members**

- 6.1 The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel;
- 6.2 The Committee may conduct a wide-ranging search for candidates for the positions of KMP and SMP within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;
- 6.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled;
- 6.4 A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of KMP and SMP;
- 6.5 Before the selection of KMP or SMP, the recommendations of and relevant information of the relevant candidate(s) shall be submitted to the Board of Directors;

- 6.6 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

## **7. Compensation Structure**

### **7.1 Remuneration to Non-Executive/ Independent Directors:**

The Non-executive/ Independent Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The said sitting fees paid to the Non-executive Directors for the Board Meetings and Committee meetings are fixed by the Board and reviewed from time to time in accordance with applicable law.

The Non-Executive/Independent Directors may be paid commission as the Board may approve from time to time on recommendation of the Nomination and Remuneration Committee subject to limits prescribed in the Companies Act, 2013 or Rules made thereunder and approved by the shareholders.

Travelling, fooding & lodging expenses of outstation Non-Executive/Independent Directors for attending Board/Committee meetings shall be borne by the Company.

The Independent Directors shall not be entitled to any stock option of the Company.

Where the annual remuneration payable to a single Non-Executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, then approval of the shareholders by special resolution shall be obtained every year.

### **7.2 Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs):**

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors / Executive Directors (MD/WTD/EDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards.

The remuneration determined for MD/WTD/EDs shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013. As a policy, the Executive Directors shall not be paid sitting fee.

In addition to the basic/fixed salary, benefits, perquisites and allowances, the Company may provide for payment to its MDs/ WTD/EDs, such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board on recommendations made by the Nomination and Remuneration Committee, subject to the overall ceilings stipulated in Section 197 and other applicable provisions of the Companies Act, 2013. The specific amount payable to the MDs/WTD/EDs would be based on their performance.

The fees or compensation payable to Executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (a) the annual remuneration payable to such Executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the Company, whichever is higher; or
- (b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits (calculated as per section 198 of the Companies Act, 2013) of the Company.

The Nomination and Remuneration Committee shall recommend the remuneration of the KMP/SMP of the Company. The Compensation for the other employees would be guided by the external competitiveness and internal parity and shall be based on the Key Result Areas (KRAs) identified and the achievement thereof. The increments shall usually be linked to their performance as well as performance of the Company. The remuneration structure can be divided into fixed and variable components and can also include issuance of stock options.

## **8. Role of Independent Directors**

- 8.1 The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.

## **9. Approval and publication**

- 9.1 This remuneration policy as framed and revised from time to time by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 This policy shall be placed on the Company's website.



9.3 Necessary disclosures in respect of the policy shall be made in the Directors Report in the manner stated in the Companies Act, 2013 or any other statute.

## **10. Supplementary provisions**

10.1 This Policy shall formally be implemented from the date as may be approved pursuant to a resolution of the Board of Directors.

10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended and submitted to the Board of Directors for review and adoption.

10.3 The right to interpret this Policy vests in the Board of Directors of the Company.

## **11. Amendment:**

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

## **12. Effective Date:**

This Policy is effective from 10<sup>th</sup> August, 2021.

# Remuneration Policy

## Policy Version History

The history of modifications, changes updates, revisions, or comments are documented and reflected in this section.

<b>VERSION</b>	<b>DATE OF APPROVAL BY BOARD</b>	<b>EFFECTIVE DATE</b>	<b>BRIEF DESCRIPTION OF MAJOR CHANGES/REVISIONS</b>
1.0	30-10-2014	30-10-2014	Formulation of the Remuneration Policy.
2.0	30-10-2017	30-10-2017	Amendment in terms and conditions for payment of commission on net profit to the Executive Directors.
3.0	05-02-2018	07-05-2018	Revision in method of disclosing the policy in Board's Report in conformity with amended Section 178(4)(c) of the Companies Act, 2013.
4.0	05-02-2019	01-04-2019	Amendment in the definition of "senior management" and terms of reference of Nomination and Remuneration Committee in accordance with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, promulgated on 1st April, 2019.
5.0	10-08-2021	10-08-2021	Revision in roles and responsibilities of Nomination and Remuneration Committee and revision in compensation structure of Directors.