



BELIEVE IN THE POWER OF US

POLICY ON REMUNERATION AND BOARD DIVERSITY

1. Preamble

- 1.1 The Securities and Exchange Board of India has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").
- 1.2 The purpose of this policy is to establish TVS Supply Chain Solutions Limited ("**Company**" / "**TVSSCS**") principles, parameters, and governance framework of remuneration for Directors (including Independent Directors), Key Managerial Personnel ("**KMP**"), and Senior Management Personnel ("**SMP**"). This policy will assist the Board of Directors ("**Board**") and Nomination and Remuneration Committee ("**NRC**") to fulfil its responsibility towards attracting, retaining, and motivating Directors, KMP(s) and SMP(s) through competitive remuneration in line with the corporate and individual performance and ensuring adequate / appropriate diversity at the Board level.
- 1.3 In view of the above, the Board of Company has adopted the Policy on Remuneration and Board Diversity ("**Policy**") on August 3, 2023.
- 1.4 "**Act**" shall mean the Companies Act, 2013 and includes any amendment thereof.
- 1.5 "**Directors**" shall mean directors on the Board of the Company, other than independent directors.
- 1.6 "**Independent Directors**" means all such directors referred to in Section 149 (6) of the Companies Act, 2013 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.7 All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time. In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

2. Role of NRC

The role and scope of the NRC shall be as follows:

- 2.1 formulation of the criteria for determining qualifications, positive attributes and independence of a Director and
- 2.2 recommend to the Board a policy relating to, the remuneration of the Directors, KMP, SMP, and other employees;
- 2.3 formulation of criteria for evaluation of performance of Independent Directors and the Board;

- 2.4 devising a policy on diversity of Board;
- 2.5 identifying persons who are qualified to become Directors and who may be appointed as SMP in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- 2.6 recommend to the Board 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; and
- 2.7 recommend to the Board, all remuneration, in whatever form, payable to SMPs.

3. Composition of NRC

- 3.1 NRC shall comprise of at least 3 (three) Directors;
- 3.2 all Directors of NRC shall be non-executive directors;
- 3.3 at least two-thirds of the Directors shall be Independent Directors;
- 3.4 the chairperson of the NRC shall be an Independent Director. The chairperson of the Company, whether executive or non-executive, may be appointed as a member of the NRC and shall not chair the committee.
- 3.5 At least one-third or 2 (two) members whichever is greater, including at least one Independent Director shall constitute a valid quorum for the NRC meeting.
- 3.6 The chairperson of the NRC, or in his absence, any other member of the NRC authorized by him on his behalf, may be present at the annual general meeting of the Company, to answer the shareholders' queries. However, it shall be up to the chairperson to decide who shall answer the queries.
- 3.7 The NRC shall meet at least once in a year.

4. Remuneration

4.1 Remuneration to Executive Directors

- a. The remuneration to Executive Directors is to be recommended by the NRC and approved by the Board, subject to the approval by the shareholders at the general meeting and such other authorities, as the case may be.
- b. At the Board meeting, the interested Director shall not participate in his / her remuneration decision proposal. The remuneration is to be arrived at, by considering various factors such as performance, qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits shall be pursuant to the applicable laws.

- c. The remuneration structure for the Executive Directors would include:
- Fixed and variable, base level remuneration, perquisite, allowance and contribution to provident and other funds would also form a part of the remuneration structure.
 - Remuneration will reflect the scale and dynamics of business to be competitive in the external market
 - Will be subject to an annual review as per recommendations of the NRC and approval of the Board and shareholders.
 - The remuneration to Executive Director(s) shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force.
 - The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act
 - If in any financial year during the tenure of the Executive Directors, the Company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration as prescribed under the Act.

4.2 Remuneration payable to Non-Executive & Independent Directors

- a. The Non-Executive Directors and/ or Independent Directors of the Company would be paid sitting fees as determined by the Board from time to time for each meeting of the Committees and Board. The NRC / Board shall review and revise this limit, if there are any changes in the limits / provisions of law.
- b. The Non-Executive and / or Independent Directors will also be entitled to remuneration like commission, or other payments under the provisions of Act in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.
- c. The Non - executive and Independent Directors would be provided with all reimbursement with respect to participating and travel expenses for attending such board meetings, Committee Meetings and General Meetings. All such reimbursement subject to deduction of applicable taxes.

4.3 Remuneration Parameters for KPM (s) and SMP (s)

- a. The compensation for the KMP (s) and SMP (s) at TVS SCS would be guided by the external competitiveness and internal parity through periodic benchmarking.
- b. The compensation will, inter-alia, include basic salary, allowances, perquisites, loans and/or advances, retirement benefits, performance linked as per relevant HR framework.

5. Performance Framework

- 5.1 With the objective of building a high -performance culture at TVS SCS, the performance management system shall be designed to:
- a. Align organizational and individual Goals (KRA)
 - b. Provide data for making critical decisions related to the employees
 - c. Drive the right employee behaviours
 - d. Support employee development
 - e. Align employee compensation with Company performance

- 5.2 The Remuneration to be paid to KMP (s)/ SMP (s) shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Act and rules made there under or any other enactment for the time being in force.

6. Directors' and Officers' Insurance

Where any insurance is taken by the Company on behalf of its Directors, KMP(s)/ SMP(s), the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel unless otherwise specifically provided under the Act.

7. Review & Amendment

- 7.1 The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant regulation and remains effective.
- 7.2 In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent 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.

8 Board Diversity

8.1 The Company aims to enhance the effectiveness of the Board by diversifying its composition so that the Company gets the benefit out of such diversity in better and improved decision making, which will provide better corporate governance.

8.2 The composition of the Board shall ensure representation from:

- a. Individuals having varied skills / expertise / competencies for the effective functioning of the Board and Company.
- b. Individuals having requisite qualifications, tenure, experience & age.
- c. Appropriate mix of cultural, geographical and gender diversity.
- d. Appropriate mix of independent and non-independent directors in accordance with the Act and Listing Regulations.

Considering the above, the NRC shall recommend the appointment or continuation of members to achieve optimum combination at the Board and periodically assess the specific requirements in relation to Board diversity.

9 Dissemination of the Policy

The Policy, as amended from time to time, shall be placed on the website of the Company.