

REMUNERATION POLICY

For Directors, KMPs and other Employees

1 Preamble

The Board of Directors of Eastern Treads Limited (“ETL” or “the Company”) have adopted this Remuneration Policy for Directors, KMPs and other employees.

2 Definitions

- a. “Committee” means “Nomination and Remuneration Committee” constituted by the Board of Directors of the Company.
- b. “Key Managerial Personnel” or “KMP” means key managerial personnel as defined under the Companies Act, 2013.
- c. “Policy” means this Remuneration Policy for Directors, KMPs and other employees of the Company

3 Terms of the Policy

The Policy represents the approach of the Company to the remuneration of Directors, KMPs and other employees.

4 Objectives

The Company’s executive compensation program is designed to achieve the following objectives:

- a. To attract, recruit, motivate & retain world-class talent;
- b. To reward superior performance and business outcomes; and
- c. To reward behaviours and attitudes consistent with Company’s core values and culture.

5 Principles of compensation program

Guiding Principles of the executive compensation program are:

a. Alignment with business strategy and level of responsibility

As employees progress to higher levels in the organisation, their performance has a greater direct impact on the strategic initiatives and business results and therefore an increasing proportion of their compensation is linked to the performance of the Company and tied to creation of shareholder value.

b. Fixed/ base salary

Fixed salary shall be competitive and based upon the industry practice and benchmarks considering the skill & knowledge, experience and job responsibilities

c. Pay for Performance

A portion of total compensation is linked to the achievement of Company and individual performance goals. Such variable compensation rewards performance and contributions to both short term and long-term financial performance of the Company.

i. Production, Depot & Marketing Incentives

Production, Depot & Marketing Incentives is linked with short-term business outcomes of the employees as well as the performance of the Company, both on financial and non-financial parameters.

ii. Annual Performance Incentives

Annual Performance Incentives rewards contribution to the achievement of the Company's annual financial, strategic and operational goals. The Performance incentives drives high performance culture to achieve the organisation's objectives by differentiating rewards based on performance. The performance will be related to the fulfillment of various targets and attainment of business objectives, both at the Company and individual level.

d. Competition in market

In order to attract and retain a highly skilled and competitive workforce, we have to be competitive with other employers.

6 Components of Pay

a. Basic Salary

It provides competitive fixed salary based on industry standards to attract talented executives with skills, experience and knowledge.

b. Benefits & Perquisites

c. It is based on competitive market practices and contributes to the overall competitive level of total compensation. It is to provide welfare, security and reasonable standard of living to the Executives and their families.

d. Performance Incentives

It rewards the contribution to the achievement of ETL's annual financial, strategic and operational goals. It reinforces accountability for achieving annual business outcomes, inline with the long-term strategy of the Company.

e. Retirement Benefits

It provides for financial planning for retirement

7 Remuneration of non- executive / independent Directors

The non- executive / independent Directors may receive remuneration:

- a. by way of sitting fees for attending the Board and Committee meetings;
- b. by way of commission as a percentage of net profits of the Company, as decided from time to time by the Nomination and Remuneration Committee of the Company; and in any other permissible mode.

The remuneration payable shall be subject to the provisions of Companies Act, the applicable listing agreements and the approval of the Board and shareholder of the Company, as may be required.

8 Stock Options

The independent Directors shall not be entitled to any stock options of the Company.

9 Amendments

The Nomination & Remuneration Committee shall review the policy from time to time and make necessary recommendations to the Board. Any amendment to this Policy can be made only with the approval of the Board of Directors of the Company.

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