

SHOPPERS STOP

**Appointment and Remuneration of
Directors
&
Senior Management Policy
of
SHOPPERS STOP LIMITED**

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SHOPPERS STOP

APPOINTMENT AND REMUNERATION OF DIRECTORS & SENIOR MANAGEMENT POLICY

The Nomination, Remuneration & Corporate Governance Committee and this Policy is in compliance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This appointment and remuneration policy applies to (i) selection and appointment of the directors and senior management (SMP) (including Key Managerial Personnel (KMP) therein), and (ii) remuneration of the directors and senior management) of Shoppers Stop Limited (the "**Company**").

I. Purpose

The human resources of a company are critical to performance of the company. Therefore the Company aims to achieve a balance of experience, expertise and the right skills amongst its Directors and other human resources and to optimize the compensation payable to them in order to drive the Company's performance to maximize stakeholders value.

The primary objective of this Policy is to provide a framework and set standards for the selection, appointment and re-appointment of directors and senior management who should have the capacity and ability to lead the Company towards achieving sustainable development. The Policy is aimed at ensuring that the management of the Company consists of persons with a diverse range of skills and qualities to meet their primary responsibility for promoting the success of the Company in a way which ensures that the interests of the Company as well as the interests of the stakeholders are promoted and protected.

II. Definitions

- "**Act**" shall mean the Companies Act, 2013 and rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force;
- "**Board of Directors**" or "**Board**" means the collective body of the directors of the Company;
- "**Company**" means Shoppers Stop Limited;
- "**Director**" means a director appointed to the Board of the Company;
- "**Key Managerial Personnel**" in relation to a Company, means:
Managing Director or Chief Executive Officer or Manager; Whole-time director; Chief Financial Officer; Company Secretary; such other officer, not more than one level below the Directors who is in whole-time employment and designated as key managerial personnel by the Board and such other officer as may be prescribed under the Act and Listing Regulations, from time to time.
- "**Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- "**Nomination, Remuneration & Corporate Governance Committee**" shall mean the committee of the Board of Directors constituted under provisions of the Act, Listing Regulations and SBEB Regulations;
- "**Policy**" means this Appointment and Remuneration of Directors & Senior Management

policy, including any amendment(s) thereto.

- **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- **"SBEB Regulations"** means Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.
- **"Senior Management"** shall mean the officers and personnel of the Company 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/Manager, if any (including chief executive officer/ Manager, if any if he is not part of board) and shall specifically include functional heads, by whatever name called and the person identified and designated as Key managerial personnel, other than board of directors of the Company.

III. Policy for Selection & Appointment of Directors and Senior Management.

The Board is responsible for the selection and appointment of directors and senior management. The Board has delegated the screening and selection process involved in selecting directors and senior management to the Nomination, Remuneration & Corporate Governance Committee ("**Committee**") of the Company.

The Board has constituted the said Committee pursuant to provisions of the Act and Listing Regulations.

The Board should be of a size and composition as is conducive to quick and focused decision making. It should be large enough to incorporate a variety of perspective skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. At the same time it should not be so large that effective decision-making is hindered.

The Board of Directors believes that the membership of the Board as well as of the senior management of the Company should comprise persons with an appropriate mix of skills, experience and personal & positive attributes that allow the management to:

- Discharge their responsibilities and duties under the law effectively and efficiently;
- Understand the business of the Company and the environment in which the Company operates so as to be able to appreciate the management objectives, goals and strategic direction which will maximize stakeholder's value; and
- Assess the performance of the management in meeting those goals and objectives.

The role/terms of reference of the Committee shall, inter-alia, include the following:

- Formulation of 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 senior management;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on Board diversity;
- In accordance with this policy, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination, Remuneration & Corporate Governance

Committee or by an independent external agency and review its implementation and compliance.

- Determining and recommending to the board of directors extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommending to the board of directors, all remuneration, in whatever form, payable to Directors & senior management.
- Undertaking specific duties as may be prescribed by the Act, Listing Regulations and other applicable laws and or as may be prescribed by the Board of Directors of the Company, from time to time;
- Grant of Employee Stock Options to eligible employees and allotment of equity shares on account of exercise of vested ESOPs and to attend incidental and ancillary matter thereto from time to time.

The Committee shall consider the selection, appointment of the Directors and Senior Management and make a recommendation to the Board. The Committee may engage in informal discussions with the members of the Board for the purpose. Alternatively, a member of the Board may recommend a candidate for a position on the Board or as a part of senior management to the Committee. The Committee shall then assess whether a position exists for the candidate so nominated and shall also evaluate whether the nominated candidate meets the criteria and is suitable for the position.

In evaluating the necessity to appoint a director on the Board (whether by increasing the strength of the Board or on account of retirement of an existing director or otherwise), or on whether to appoint a person to senior management, due consideration should be given to the following:

- Assess the management's current skills, experience and expertise to identify the skills that may be lacking or the skills that would best increase the effectiveness of the management as well as that of the Company;
- Assess the needs of the business currently and going forward. The Board and senior management should be structured in a manner it has proper understanding of and competence to deal with the current and emerging business issues;
- The extent to which the candidate is likely to contribute to the overall effectiveness of the Board and senior management; as the case may be and work constructively with the existing management;
- The skills and experience that the candidate shall bring to the role and how he will enhance the skill sets and experience of the management as a whole.
- Independence of such candidate under the provisions of the Act, and Listing Regulations, if and as may be applicable.
- The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and Articles of Association of the Company.

Accordingly, in selecting and recommending potential new director and / or member of senior management and analysing renewal of the term of existing directors, the Committee should identify the competencies required to enable the Board and senior management to fulfill their respective responsibilities within the framework of the overall objectives and goals of the Company and wherever applicable, should also have regard to the results of the annual appraisals of the relevant person's past performance, whether on the Board of the Company or elsewhere.

While any individual person may not necessarily fulfill all criteria, in evaluating and recommending the candidature of a candidate, regard shall be had to the following criteria, skills and personal attributes:

- Outstanding in capability with extensive and varied senior commercial experience, preferably with a company engaged in the business of retail;
- High level of honesty, personal integrity and probity;
- Degree/ professional qualification, inter-alia, in the field of management, finance, accounting, technology or law;
- Strategic capability with business vision and track record of achievement;
- Entrepreneurial spirit;
- Expertise/ experience, inter-alia, in technology, accounting and finance, administration, retail, corporate and strategic planning, human resources, etc;
- Ability to be independent and capable of lateral thinking;
- Excellent interpersonal, communication and representational skills and established/ demonstrable leadership qualities;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety at work place;
- Have a reasonable network of contacts relative to the business of the Company;
- Availability of time to discharge the duties as a director of the Company including the other commitments of the candidate that require significant time commitments of the candidate.

If the candidate is found suitable, the Committee shall recommend the candidate to the Board for appointment as Director or Senior Management, as the case may be.

The term of appointment of Directors and KMPs, inter-alia shall be governed as per the provisions of the Act and Listing Regulations. Whereas the terms and conditions of appointment of Senior Management and other employees shall be governed by the prevailing HR policies of the Company.

Due to reasons for any disqualification mentioned in the Act / Listing Regulations or under any other applicable laws, and / or for any disciplinary reasons, subject to applicable laws, and the Company's prevailing HR policies, the Committee may recommend, to the Board, removal of a Director or member of Senior Management, as the case may be.

The retirement age of Directors shall be as per the applicable laws. The retirement age of Senior Management shall be as per the prevailing policy of the Company, subject to the applicable laws. Further, subject to the applicable laws, the Board shall have the discretion to retain the Director, Senior Management, even after attaining the retirement age, for the benefit of the Company.

The re-appointment of directors shall not be automatic. A Director who retires at an annual general meeting may, if willing to act, be re-appointed and is subject to the selection and appointment procedures outlined above. The re-election shall also be dependent upon the evaluation of such directors' performance by the Board.

The Committee may engage recruitment consultants as and when required to undertake search for new candidates for new positions on the Board or Senior Management and/ or may consult other independent experts where it considers necessary to carry out its duties and responsibilities.

IV. Evaluation of Directors and Senior Management

The performance of each Director (Independent and Non Independent) and member of senior management shall be reviewed on an annual basis by the Committee, who may use such external support as may be required to undertake such reviews.

The performance of each Director (Independent or Non Independent) and member of senior management shall be evaluated annually against the Goal Sheet as may be decided by the Committee and or Board, from time to time. The Committee shall discuss the findings of the evaluation and give its recommendation to the Board in this regard. However, the actual evaluation shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board and of the Company as a whole

The appointment / re-appointment / continuation of Independent Directors on the Board shall be subject to the outcome of the performance evaluation process. The evaluation process shall be in compliance with the Act and Listing Regulations, as amended from time to time.

V. Remuneration of the Directors and members of Senior Management.

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of the Company's stakeholders.

The remuneration / compensation / commission, in whatever form, for the Directors and Senior Management (including annual increments, if any) will be determined by the Committee and recommended to the Board for approval.

In determining the remuneration policy, it shall be ensured that a competitive remuneration package for executive talent is maintained and the Company should aim for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size, scale of operations and complexity, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and 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.

In order to link remuneration to the Company's performance, the remuneration package shall include a variable part in the form of an annual incentive, i.e. Profit Link Reward Scheme (PLRS), (based on factors such as the achievement of specific targets) and a long-term incentive in the form of Employee Stock Options. Equity-related compensation of Executive Directors and senior management motivates them and aligns their financial interests with those of shareholders. The emphasis should be on linking pay with performance by rewarding effective management of business performance with a long-term focus, as well as individual achievement.

In designing and setting the levels of remuneration for the members of the Board and for senior management of the Company, the Committee / Board shall also take into account the relevant statutory provisions and provisions relating to corporate governance, societal and market trends and the interests of stakeholders. However, in extraordinary circumstances the remuneration

payable may exceed the level prescribed under the relevant statutory provisions by taking appropriate consents as prescribed under applicable laws.

The remuneration to Executive Director and / or Senior Management may comprise of the following components:

- Fixed remuneration;
- Performance based remuneration (variable salary);
- Use of official car to the Executive Directors/Senior Management as may be decided;
- Leave travel allowance according to the policy of the Company;
- House rent & other allowances according to the policy of the Company;
- Employee Stock Options;
- Other benefits as may be approved by the Board on the recommendation of the Committee.

Deviations on elements of this remuneration policy in extraordinary circumstances may, however, be considered, when deemed necessary in the interests of the Company, in order to attract or retain extraordinary talent.

The remuneration of Non-Executive / Independent Directors may comprise of Commission and / or Sitting Fees for attending meetings of Board or Committee thereof. Provided that the amount of fees & commission shall be such as determined by the Board of Directors from time to time. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and Listing Regulations, as amended from time to time.

VI. Board diversity

The Board of Directors shall comprise of Directors having expertise in different areas / fields like retail, finance, sales and marketing, banking, etc. or as may be considered appropriate. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one woman Independent director.

VII. Scope Limitation

Further, in any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over the policy and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard as the case may be.

VIII. Dissemination of Policy

The Company shall disclose this policy as required under the Act and Listing Regulations, from time to time.