

## UPL - Executive Compensation Philosophy

### Objective

UPL's Executive Compensation Policy aims at remunerating the Executive Leadership Team (ELT) to drive long-term organizational goals. ELT comprises of the collective business and functional leadership manned by the top eight to ten company executives. UPL being a truly global company with employees in more than 75 countries, serving customers in more than 138 countries, its ELT operates out of multiple locations to ensure an effective coverage of its operations, facilitating an efficient running of its businesses across markets. Due to the varied nature of the business, the group has followed the philosophy of having the right talent for the right role at the right location to serve the business and the organization best.

While designing ELT employment contracts, local pay practices, local labour and employment compliances hold a key consideration. Their overall remuneration is managed per market pay practices in line with their professional job responsibilities. ELT remuneration is benchmarked with the help of third-party consultants to ensure market competitiveness and attention to parity normalizing for the place of work.

ELT remuneration is overseen by Nomination & Remuneration Committee (NRC) of the respective Board. ELT members who have contracts in the jurisdiction of UPL Corporation are governed by the NRC of UPL Corporation and those who have contracts in India are governed by the NRC of UPL Limited.

### Principles of Executive Compensation

UPL's compensation philosophy is based on the following principles:

1. Align the interest of shareholders, investors, employees and other stakeholders by making pay fair and transparent.
2. Ensure market competitiveness to be able to attract and retain highly qualified, successful employees to deliver the strategic plans and objectives of the company.
3. Pay for performance to encourage and reward personal contribution, individual and team performance in accordance with the company's values and recognize superior results.
4. Pay for organizational health to align reward with sustainable performance and long-term health of the company. Organizational health is linked to success of strategic initiatives, people and process measures.

Implementation of the above principles of executive compensation is overseen by the Nomination & Remuneration Committee (NRC) of the respective Board.

## Nomination & Remuneration Committee

NRC of UPL Corp and UPL Limited looks, inter alia after the following matters:

1. Approves performance goals and other objectives of the Global CEO.
2. Based on the Committee's assessment of performance, recommends CEO compensation to the independent members of the Board without input from management.
3. Approves ELT compensation based on Company performance, market pay data, responsibilities and other related factors.
4. Establishes the peer group companies to benchmark Company performance and ELT compensation
5. Confirms that total compensation paid to each executive officer is appropriate based on the Company's financial performance
6. Reports to the Board regarding director compensation and stock ownership guidelines
7. Sets the specific performance targets for ELT variable awards
8. Reviews and approves executive compensation policies, such as stock ownership and clawback policies.

## Annual Compensation Review

Compensation review of the ELT is done by the Nomination and Remuneration Committee (NRC) on an annual basis, and reviewed by the Board typically in the meeting called to approve annual results. Compensation review of Global CEO is done by the NRC, in his absence, presented by the CHRO.

There are two NRCs, one for UPL Corporation and another for UPL Limited, majority of which consist of Independent Directors. The members of NRC of UPL Corp are Peter Scala, Paul Welsh, Hardeep Singh and Jai Shroff. The members of NRC of UPL Limited are Dr. Reena Ramachandran, Pradeep Goyal and Hardeep Singh.

## Components of Compensation

ELT is spread across multiple geographies from India to UAE to Europe to United States. It helps in running business efficiently with a good global coverage. It has helped in running the business with a well-knit organization enabling strong customer connect. There are two basic components of compensation as per standard global practice i.e. Base Salary (Fixed Pay) and Variable Pay (Performance Linked).

## Base Salary

When considering base salary, the Compensation Committee takes into account market data, internal pay equity, job responsibilities and individual performance. A key component of our base salary is the place of work from where members of the executive leadership team operate. Compensation is paid as per local pay practices and local labour and employment norms. NRC annually reviews the salaries of ELT. Annual salary increases are not automatic or guaranteed.

Compensation is paid to ELT at their principal place of work.

## Variable Pay

We provide annual cash incentive opportunities to our Executive team under the UPLC variable pay (VP) plan. Awards granted under the VP plan are designed to drive company, business unit and individual performance. When determining the actual annual incentive award payable to each executive officer, NRC considers business, functional and individual performance for the overall operations.

Variable pay is awarded on a mix of financial and non-financial goals. Financial goals are typically linked to revenue, profitability and working capital targets. Non-financial goals include people measures such as employee engagement scores, success of talent management and succession planning initiatives and execution of medium and long-term strategic plans of the company. For instance, post-acquisition special emphasis is placed on successful integration of the acquired entities, both operationally and culturally. In addition, currently, our key strategic initiatives include strengthening digital initiatives and increasing the share of business from differentiated and sustainable products.

Members of the ELT are eligible to participate in Employee Stock Option Scheme (ESoP), of UPL Limited or UPL Corp as may be implemented from time to time. Vesting of the options depends upon performance based criteria such as EBIDTA and net debt reduction targets which are key to creating long-term shareholder value. Actual quantum of grant/vesting is approved by the NRC. If a member ELT is not eligible to participate in ESoP due to restrictions in applicable regulations, then NRC may additionally compensate such person in the form of performance based variable pay or through a cash component.

## Compensation Benchmarking

UPL utilises a peer group to evaluate whether executive officer pay levels are aligned with job requirements and performance on a relative basis.

Overall, the company seeks to position itself around the relevant market median for base salary. Its comprehensive variable pay plan design with its attractive pay out range enables superior performance to be placed in the top quartile of total compensation.

Remuneration philosophy as prescribed in this policy applies mutatis mutandis to the compensation of other leadership level, with suitable changes in the Fix Pay, Variable pay mix and parameters to determine variable pay. Our Stock Option scheme is restricted to select key leadership personnel.

## Non-executive and Independent Director's Remuneration

Annual compensation for the Non- Executive Directors and Independent Directors is in the form of Commission in addition to the Sitting Fees. Annually, NRC reviews the competitiveness of our compensation program for Non-Executive / Independent Directors. Any adjustment hence done is to maintain the competitiveness of our director compensation program relative to UPL's peer group and to further align the director's interests with our shareholders.

Directors are reimbursed for expenses incurred to attend Board and Committee meetings and receive business travel, accident insurance coverage and similar coverages in line with industry practices and the same is disclosed in the annual report.

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