

Preface

The Nomination and Remuneration Committee (NRC) has an important role in ensuring the quality of governance practices followed by an organisation. The Board of Directors are primarily responsible to ensure that it has directors with appropriate qualifications and skills to provide an independent, objective and effective oversight of the corporate governance function and here the role of NRC is most pertinent in identifying suitable candidates for Board's positions.

The NRC is responsible to find suitable candidates who are qualified to become directors and who may be appointed in senior management following the criteria laid down and recommend to the Board their appointment, removal, remuneration and shall specify the manner for effective performance evaluation of the Board, its committees and individual directors. The much important role of NRC is in deciding the remuneration of senior executives. While it is true that the NRC is a sub-set of the Board, it has various specific tasks assigned with independent responsibilities which makes it different from other committees of the Board.

The Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have prescribed a set of role and responsibilities for the NRC. In the context of a corporate, the charter is important as it sets out the key aspects entrusted to a committee, board or group of individuals enlisting their powers and responsibilities while discharging their respective duties. Importance of the functions discharged by the NRC has laid the foundation for articulating this charter by the Institute of Company Secretaries of India (ICSI) comprising legal, regulatory, as well as desirable good practices to be followed by the NRC while discharging various tasks assigned to it.

I place on record my sincere thanks to all members of the Secretarial Standards Board (SSB) of ICSI for their valuable contribution during formulation of this Charter of NRC, under the leadership of CS Nagendra D. Rao, Chairman SSB and with the presence of my council colleagues CS Praveen Soni and CS Suresh Pandey on the SSB. My special thanks to CS S. Sudhakar (Group Convener), CS Deep Mani Shah (Representative of SEBI) and members of the sub-group for their immense contribution during this exercise.

I commend the dedicated efforts put in by CS Rakesh Kumar, Assistant Director under the guidance of CS Banu Dandona, Director in bringing out this Charter of NRC under the stewardship of CS Asish Mohan, Secretary, ICSI.

I am sure that this Charter of NRC will be immensely useful for all readers interested in the subject. Improvement is a continuous process and equally applicable to this Charter of NRC. I would personally be grateful to the readers to offer their suggestions/ comments for further advancement of this Charter.

Place: New Delhi

Date: 5th January, 2024

CS Manish Gupta

President

The Institute of Company Secretaries of India