

COLGATE-PALMOLIVE (INDIA) LIMITED

NOMINATION AND REMUNERATION POLICY

Objective:

The Nomination and Remuneration Committee ("Committee") was constituted by the Board of Directors at their meeting convened on January 21, 2014.

The primary objective for constitution of this Committee is:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria prescribed by it and make recommendations to the Board for their appointment and removal.
- To carry out evaluation of every director's performance.
- To review Board succession plans.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and make recommendations to the Board, relating to the remuneration for the directors, key managerial personnel and other senior management.

Definitions:

- (a) Key Managerial Personnel means key managerial personnel as defined in Section 2(51) of the Companies Act, 2013.
- (b) Senior Management means officers/personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the Chief Executive Officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

Constitution & Term:

The Committee shall consist of at least Three (3) Non-executive Directors of which at least fifty percent of the directors shall be Independent Directors. The Chairperson of the Committee shall be an Independent Director. Should the Chairperson be absent from a meeting, the members of the Committee present at the meeting shall choose one of the other members of the Committee, who is an Independent Director to chair that particular meeting. Membership of the Committee shall be disclosed in the Annual Report including whether a Director is Independent or Non Independent.

The Company Secretary of the Company shall act as Secretary of the Committee.

The term of the Committee shall be continuous unless terminated by the Board.

Operation:

The Committee shall be operated in a manner consistent with the Company's Core Values, Corporate Governance Principles, Code of Conduct and the Company's By-laws. The duties and responsibilities of a member of the Committee shall be in addition to those duties set out for a Director of the Board.

Quorum:

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance or as may be prescribed under the relevant law and SEBI Listing Regulations.

Meetings:

The Nomination and Remuneration Committee shall meet at least once in a year or as may be prescribed under the relevant law and SEBI Listing Regulations.

Committee Members' Interests:

A member of the Committee is not entitled to be present when his or her own salary, commission or fee is discussed at a meeting or when his or her performance is being evaluated.

Voting:

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting, in addition to his deliberative vote, has a casting vote.

Scope/Functions/Terms of Reference:

- Review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes that are deemed necessary.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing criteria for selection of candidates for the Board in the context of the Board's existing composition and structure;
- To ensure diversity of the Board of Directors;
- Identify and nominate for the approval of the Board, candidates to fill Board Vacancies as and when they arise.

- Ensure that the appointment of a new director, key managerial personnel and senior management employees are made on the basis of core competencies, characteristics, independence, experience, and qualifications etc. The Committee before appointment may consider candidates:
 - (i) from a wide range of backgrounds; and
 - (ii) on merit and based on the objective criteria, taking care that appointees have enough time available to devote to the position;

- Assess and undertake an annual performance evaluation of all the Members of the Board by adopting various approaches such as, accomplishment of assigned goals, professional contributions towards the Company, self-evaluation etc.

- To develop a succession plan for the Board and Senior Management and to regularly review the plan.

- Review and where appropriate, recommend to the Board, the appropriate policies and programs for compensation and benefits, including compensation to the directors, key managerial personnel, senior management and other employees, with the aim of aligning such policies and programs with the Company's annual and long term goals and the interests of shareholders. The Committee shall consider following elements of compensation for remuneration to be paid to the Executive Directors, Key Managerial Personnel and other senior management namely
 - (i) Base salary {the Committee shall also consider the pension consequences if basic salary increases);
 - (ii) Bonuses and performance-related payments (including profit-sharing schemes);
 - (iii) Discretionary payments
 - (iv) Pension contributions
 - (v) Benefits in kind; and
 - (vi) Share options and their equivalents.

- Recommend to the Board remuneration of the Executive Directors including key managerial personnel of the Company.

- To consider the following factors while determining the remuneration for the Non-executive directors:
 - i) Experience;
 - ii) Expertise; and
 - iii) Professional contribution

The Non-executive directors would be entitled to Sitting fees for attending each meeting(s) of the Board and Committees thereof as prescribed under the applicable laws/regulation and as approved by the Board from time to time. The Non-executive directors would also be entitled to commission and other benefits as prescribed under the applicable laws/regulation and as approved by the Board and/or shareholders, as the case may be;

- Recommend to the board, all remuneration, in whatever form, payable to senior management;
- Review and, where appropriate, recommend to the Board, the Company's incentive compensation and equity based plans as and when required, establishing performance goals;
- Oversee regulatory compliance with respect to compensation to the directors;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- The Committee or any Member of the Committee may at the discretion of the Chairman of the Committee, conduct an exit interview with Key Managerial Personnel and Senior management on resignation/termination of service. The same would be subject to the Guidance Note on the process as approved by the Committee.
- To ensure that professional indemnity and liability insurance for Directors and senior management is available;
- Perform other activities related to this Policy as requested by the Board of Directors or to address issues related to any significant subject within its term of reference; and
- Making available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

Authority:

The Committee shall have free access to management and management information. The Committee may seek the advice of outside experts or consultants at the Company's expense where judged necessary, to discharge its duties and responsibilities.

Reporting:

The Committee shall report to the Board of Directors or the Company as and when the meeting is convened, unless it is determined by the Chairperson of the Committee that the nature of the Committee's business was routine and did not warrant the attention of the Board of Directors. Proceedings of all meetings will be minuted and signed by the Chairperson or the Chair of the Committee.

Review:

The adequacy of this Policy shall be reviewed and reassessed by the Committee at such intervals as the Committee deems appropriate and recommendations, if any shall be made to the Board for approval.

Publication of Charter/Policy

A copy of this charter/Policy is available at www.colgatepalmolive.co.in.