

**Hitachi Energy India Limited (formerly known as ABB Power Products and Systems India Limited),  
Bengaluru (“Company”)**

**Policy on Nomination and Remuneration**

**Overview:**

The Company lays down the following Policy for nomination and remuneration of Directors and Senior Management (as defined hereinafter) in line with the requirements of the Companies Act, 2013 (the Act) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy is applicable to Board of Directors of the Company (Executive / Non Executive/ Independent and Non- Independent), Key Managerial Personnel and Senior Management personnel of the Company.

This Policy is aimed to:

- lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration; and
- carry out evaluation of the performance of the Board of Directors, Key Managerial Personnel and Senior Management Personnel as required under the law;

“Key Managerial Personnel” (KMP) means: -

- a. Chairman (only Executive) and / or Managing Director and or Chief Executive Officer (“CEO”) and or Manager as defined under Companies Act 2013.
- b. Whole Time Director/Executive Director, Chief Financial Officer (“CFO”); and
- c. Company Secretary

“Senior Management” includes persons who hold any of the following positions in the Company:

- a. Managing Director / CEO
- b. Chief Financial Officer (CFO)
- c. Company Secretary
- d. Members of Country Management Committee
- e. Functional Heads, viz.,
  1. Head of Sales & Marketing
  2. Head of Corporate Communication
  3. Country Controller
  4. Head of Treasury
  5. Head of Taxation
  6. Head of Shared Accounting Services
  7. Chief Information Officer (CIO)
  8. Head of Health, Safety and Environment

Key features of Company’s policy for appointment, fixation of remuneration and revision in remuneration in respect of the above positions shall be included in the Board’s Report as required under the Law.

### **Nomination & Remuneration Committee:**

A Nomination and Remuneration Committee ("NRC") of the Board shall be constituted with at least three members all of whom shall be non-executive directors, and at least fifty percent of the directors will be independent directors. The Chairman of the said Committee shall be an independent director. The Chairman of the Board may become a member of the said Committee, but he shall not be appointed as the Chairman of the NRC.

### **Role of the Nomination and Remuneration Committee:**

The role of the Nomination and Remuneration Committee shall be to:

- I. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- II. Recommend to the board of directors a policy relating to, the remuneration of the directors, Key Managerial Personnel ("KMP") and other employees.
- III. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- IV. Devising a policy on diversity of the board of directors;
- V. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- VI. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **Appointments:**

- Appointments of KMP and Senior Management persons as defined above shall be placed before the Committee and recommend to the Board for consideration.
- The Committee may satisfy as to whether qualification, expertise and experience of the selected candidate meets the requirements for the position to be appointed.
- The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- Tenure for Managing Director/Whole-time Director/ Chief Executive Officer ("CEO"):- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director or CEO for a term not exceeding five years at a time as prescribed under the provisions of Companies Act 2013.

Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

- Tenure for Independent Directors: - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
- The remuneration / compensation / commission / performance bonus etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
- Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel: Company being part of Hitachi Energy Group, the remuneration to Managing Director / KMP and Senior Management Personnel will be as per Hitachi Energy group policy. The Company shall follow annual Performance Development Appraisal system for evaluating individual performance based on achievements of both business and behavioral targets by the employee.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/ Managing Director / CEO / Manager (as per Act) in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- Remuneration to Independent Director: Independent Directors shall be paid a sitting fee for attending the Board Meetings and meetings of its Committee/s and also annual profit sharing commission as per the limits prescribed in the Companies Act, 2013. Board will authorize the Chairman to approve payment of commission to Independent Directors.
- An Independent Director shall not be entitled to stock option, if any.

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