

NOMINATION AND REMUNERATION POLICY



SOLARWORLD ENERGY SOLUTIONS LIMITED

(formerly known as Solarworld Energy Solutions Private Limited)

1. PREAMBLE

This Nomination and Remuneration Policy ("Policy") has been formulated by the Nomination and Remuneration Committee ("NRC" or "Committee") and approved by the Board of Directors of the Company ("the Board") at its meeting held on February 11, 2025 in compliance with the provisions of Section 178 of the Companies Act, 2013 ("Act") read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and Regulation 19 read with Schedule II Part D of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time.

This Policy is also aligned with the principles of good corporate governance and aims to ensure transparency, fairness, and accountability in the nomination and remuneration processes.

2. PURPOSE

The Policy outlines the framework for:

- i. Identifying, evaluating, and recommending suitable candidates for appointment as Directors, Key Managerial Personnel ("KMP"), and Senior Management Personnel ("SMP").
- ii. Determining the remuneration payable to Directors (including Non-Executive Directors/Independent Directors), KMP, SMP, and other employees.
- iii. Ensuring that the Company's leadership is competent, diverse, and aligned with its strategic objectives, while promoting long-term value creation for stakeholders.

3. DEFINITIONS

For the purposes of this Policy, unless the context otherwise requires:

- i. **"Act"** means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- ii. **"Board"** means the Board of Directors of the Company.
- iii. **"Committee"** means the Nomination and Remuneration Committee.
- iv. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- v. **"Policy"** means Nomination and Remuneration Policy.
- vi. **"Remuneration"** includes salary, allowances, perquisites, performance incentives, commission, stock options, retirement benefits, and any other form of compensation, subject to the limits under Sections 196, 197, and 198 of the Act and Schedule V thereto.
- vii. **"Key Managerial Personnel"** (KMP) means key managerial personnel as defined under Section 2(51) of the Act, including Chief Executive Officer, Managing Director, Whole-Time Director, Chief Financial Officer, and Company Secretary.
- viii. **"Senior Management Personnel"** (SMP) means members of the core management team, typically at the level of General Manager and above and shall specifically include the functional heads, by

whatever name called and the persons identified and designated as key managerial personnel other than the board of directors, by the Company.

Terms not defined herein shall have the meaning assigned to them under the Act or SEBI LODR Regulations.

4. APPLICABILITY

This Policy applies to:

- i. All appointments, re-appointments, removals, and remuneration of Directors (Executive, Non-Executive, and Independent).
- ii. All KMP and SMP.
- iii. Other employees as determined by the NRC from time to time, particularly those in significant positions impacting the Company's governance and performance.

The Policy does not apply to casual or temporary employees unless specified otherwise.

5. CONSTITUTION AND COMPOSITION OF COMMITTEE

i. **Constitution:**

The Committee shall be constituted in accordance with Section 178(1) of the Act and Regulation 19(1) of the SEBI LODR Regulations, as follows:

- a) **Minimum Members:** Three or more Directors.
- b) **Composition:** All members shall be Non-Executive Directors, with at least fifty percent (50%) being Independent Directors. In case the Company has outstanding specified securities (e.g., SR equity shares), at least two-thirds (2/3) of the members shall be Independent Directors.
- c) **Chairperson:** Must be an Independent Director, who shall not be the Chairperson of the Company. The Chairperson of the Company may be appointed as a member but shall not chair the NRC. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company. Chairperson of the Committee meeting may be present at the annual general meeting of the Company or may nominate some other member to answer the shareholders queries;
- d) **Secretary:** The Company Secretary shall act as the Secretary to the NRC. In his/her absence, a member designated by the Chairperson shall act as Secretary.

ii. **Quorum and Meetings**

- a) **Quorum:** Either two members or one-third of the members of the NRC, whichever is greater, including at least one Independent Director (as per Regulation 19(2A) of SEBI LODR Regulations).
- b) **Frequency:** The nomination and remuneration committee shall meet at least once in a year.

- c) **Voting:** Decisions shall be taken by majority; the Chairperson shall have a casting vote in case of a tie.
- d) **Attendance:** The Managing Director/Whole-Time Director, Chief Financial Officer, or other executives may be invited to attend meetings as necessary.

6. ROLE AND RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE

The role of the NRC, inter alia, includes the following, as specified in Section 178(3) and (4) of the Act and Schedule II Part D (A) of the SEBI LODR Regulations:

i. Nomination Responsibilities

- a) **Formulate Criteria for Directors:** Develop and recommend to the Board criteria for determining qualifications, positive attributes, and independence of Directors.
- b) **Identify and Recommend Appointments:** Identify persons qualified to become Directors and recommend their appointment/re-appointment/removal to the Board, ensuring diversity and balance of skills on the Board.
- c) **Evaluate Board Composition:** For every appointment of an Independent Director, evaluate the balance of skills, knowledge, and experience on the Board and prepare a description of the role and capabilities required.
- d) **Succession Planning:** Formulate succession policies for Executive and Non-Executive Directors, KMP, and SMP.
- e) **Performance Evaluation:** Formulate criteria for evaluation of performance of Independent Directors, the Board, and its Committees; conduct annual evaluations and recommend continuation/removal based thereon.
- f) **Diversity Policy:** Devise a policy on Board diversity, promoting gender, skill, and experience diversity.
- g) **Removal:** Recommend removal of Directors/KMP/SMP for disqualifications under the Act or other laws, with recorded reasons.

ii. Remuneration Responsibilities

- a) **Recommend Remuneration Policy:** Recommend to the Board a policy on remuneration for Directors, KMP, SMP, and other employees.

- b) **Approve Remuneration:** Recommend remuneration for Executive Directors, KMP, and SMP, including increments, incentives, and stock options, subject to shareholder approval where required.
- c) **Review Overall Remuneration:** Ensure the level and composition of remuneration aligns with Company performance, shareholder interests, and regulatory caps under Section 197 of the Act.
- d) **Senior Management Remuneration:** Recommend to the Board all remuneration payable to SMP in whatever form.
- e) **Disclosure:** Ensure disclosures on remuneration in the Board's Report and Annual Report as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

7. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNELS AND SENIOR MANAGEMENT

i. Appointment

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the candidate for appointment as Director, KMP or at Senior Management level and recommend his/ her appointment to the Board.
- b) The candidate should possess adequate qualifications, expertise, knowledge, skills, background and industry experience for the position against which he/ she is considered for appointment. The Committee has the discretion to decide whether the above requirements possessed by a person are sufficient/ satisfactory for the concerned position.
- c) While appointing the Directors and KMP, the Committee shall give due consideration to their limit of holding other directorships/office as specified in the Companies Act, 2013 read with the Rules made therein and the Listing Agreement (as amended from time to time) and/or any other applicable enactment, for the time being in force.
- d) Ensure diversity of the members of the Board.
- e) A letter of appointment shall be given to each Director, KMP and Senior Management Executives, appointed in the Company mentioning his/her terms of appointment and a copy of the said letter shall be acknowledged by the appointee.

ii. Term / Tenure

The term/tenure of appointment or re-appointment of the Directors and the KMPs shall be in accordance with the provisions as specified in the Companies Act, 2013 read with the Rules made therein and the Listing Agreement, as amended from time to time and/or any other applicable enactment, for the time being in force.

iii. Removal

Due to reasons for any disqualification, the Committee may recommend to the Board, removal of any Director, KMP or Senior Management Executives, with reasons recorded in writing and subject to the provisions & compliance of the applicable Act, Rules and Regulations.

8. REMUNERATION POLICY**i. Managing Director / Whole-time Directors/ Executive Directors**

The Remuneration or commission payable to them shall be governed by the Companies Act and other provisions of Applicable Law and rules made thereunder or any other enactment for the time being in force and recommended by the NRC to the Board.

ii. Non-Executive / Independent Directors

- a) May receive sitting fees and permissible remuneration, subject to Board approval and statutory limits.
- b) The amount of sitting fees shall be such as may be recommended by the NRC and approved by the Board of Directors, shall be subject to ceiling/ limits as provided under Applicable Law and rules made thereunder or any other enactment for the time being in force.
- c) Cannot receive stock options or participate in share-based payment schemes.
- d) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration if the services are rendered by such Director in his capacity as the professional and in the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession
- e) The Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Directors.

iii. KMP and Senior Management

- a) Comprise fixed pay and incentives by way of cash bonus or stock options, in line with the Companies Act and company's policy.
- b) Fixed pay includes Basic Salary, Dearness Allowance and other allowances and employer contributions to retirement funds.

- c) The Performance Linked Incentives are based on both individual and performance of the Company or business, evaluated annually or at such intervals as may be considered appropriate and as per the policy of the Company.

Where any insurance is taken by the Company on behalf of its Executive Director, Non-Executive Directors, Independent Directors, Nominee Directors, Key Managerial Personnel and any other employee for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

9. BOARD DIVERSITY

The Board shall consist of such optimum number of Directors as per the requirements of the Act and Regulations. The Committee will lead the process for Board appointments and forward its recommendations to the Board. All Board appointments will be based on the skills, diverse experience, independence and knowledge, which the Board as a whole requires to be effective.

The Committee shall address Board vacancies by actively considering candidates that bring a diversity of background and industry experience or related expertise. The candidates will be considered against objective criteria having due regard to the benefits of diversity on the Board. Additionally, the Committee may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing, business development, international business, operations management or any other professional area, so as to bring diversified skill sets on Board or succeed any outgoing Director with the same expertise.

10. DISCLOSURES AND REPORTING

- i. Board's Report: Salient features of Policy, remuneration details (Rule 5), ratios (Director to median employee).
- ii. Annual Report: Details of remuneration, ESOPs.
- iii. Website: Full Policy and updates.

11. AMENDMENTS AND REVIEW

The NRC shall review this Policy annually or upon changes in law. Amendments require Board approval and shareholder ratification if impacting remuneration. In case of conflict with the Act/SEBI LODR, statutory provisions prevail.

12. IMPLEMENTATION

The NRC may establish guidelines and procedures for effective policy implementation and delegate its powers as necessary.

This policy has been approved by the Board of Directors of the Company in their meeting held on February 11, 2025