

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS



SOLARWORLD ENERGY SOLUTIONS LIMITED

(formerly known as Solarworld Energy Solutions Private Limited)

1. LEGAL FRAMEWORK

Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred as “Listing Regulations”), requires every Company to publish its criteria of making payments to Non- Executive Directors in its annual report. Alternatively, as per Regulation 46 (2)(f) of Listing Regulations, criteria of making payments to non-executive directors the company may disclose the same on its website.

Section 197 of the Companies Act, 2013 and Regulation 17(6) (a) of the SEBI (Listing Obligations and Disclosure Requirements) 2015 require the prior approval of shareholders of the Company for making payment to its Non-Executive Directors (hereinafter referred as “NEDs”).

However, the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under Companies Act, 2013 for payment of sitting fees without approval of the Central Government Accordingly, the following criteria is laid down for **SOLARWORLD ENERGY SOLUTIONS LIMITED** (hereinafter referred as “the Company”).

2. OBJECTIVE

The objective of these criteria is to establish a fair, transparent, and consistent framework for determining the remuneration of Non-Executive Directors, including Independent Directors. This framework aims to recognize their valuable contributions, expertise, and commitment while ensuring compliance with applicable laws and corporate governance standards. The criteria seek to attract and retain qualified and experienced individuals who can provide effective oversight, strategic guidance, and independent judgment to the Company. Additionally, the remuneration will be linked to their performance and level of engagement, fostering accountability and sustained participation in the Company’s growth and governance.

3. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

Following are the criteria for making payments to Non-executive Directors of the Company.

i. Sitting Fee:

The Non-executive Director(s) including Independent Directors shall receive Sitting fees for attending meetings of the Board or Committee there of or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 or other applicable law.

ii. Commission:

Under the Companies Act, 2013, section 197 allows a company to pay remuneration to its Non-Executive Directors either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Further, the section also states that where the Company has either a Managing Director or Whole-Time Director or Manager, then a maximum of 1% of its net profits can be paid as

remuneration to its Non-Executive Directors. In case there is no Managing Director/s or Whole-Time Director or Manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the Non-Executive Directors is the net profit of the Company.

The Company may pay Commission to Non-Executive Directors based on their qualifications, expertise experience and their contribution to the Company, on recommendation of the Nomination and Remuneration Committee to the Board of Directors and approved by the Board and Shareholders of the Company, wherever required.

The Company is however not obligated to remunerate its Non-Executive Directors.

iii. Minimum remuneration:

If in any financial year, a Company has no profits or its profits are inadequate, the Company can pay remuneration to Non- Executive Director, including an Independent Director by way of remuneration in accordance with the provisions of applicable law including section 197 read with the provisions of Schedule V of the Companies Act, 2013.

iv. Professional Fees:

Under the Companies Act, 2013, Section 197(4) allows a Company to pay remuneration to its Non-Executive Directors for services rendered by any such Director if:

- (a) The services rendered are of Professional nature and
- (b) In the opinion of the Nomination and Remuneration Committee, if the Company is covered under sub-section (1) of section 178, or the Board of Directors in other cases, the Director possesses the requisite qualification for the practice of the profession.

v. Refund of excess remuneration paid:

If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without approval required under this section, he shall refund such sums to the company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company.

vi. Reimbursement of actual expenses incurred:

Non-Executive Directors may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings or for Company's work.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of Non-Executive Directors.

vii. Payment to Independent Directors:

An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.



4. REVIEW:

This policy will be reviewed and amended by the Board, as and when required.

5. AMENDMENT:

In the event of any conflict between the Act or the SEBI regulations or any other statutory enactments (“Regulations”) and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.

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