

# BHARTI HEXACOM LIMITED

## Policy on Nomination, Remuneration and Board Diversity

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### TABLE OF CONTENTS

Preamble.....	1
Objectives.....	1
Criteria for Appointment & Nomination.....	1
Criteria for Remuneration .....	2
Malus/ Clawback.....	5
Disclosure by the Company.....	5
General.....	5
Version History.....	6

## 1. Preamble

In terms of the provisions of Section 178 of the Companies Act, 2013 ('Act') & rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and upon due recommendation of HR & Remuneration Committee ('Committee'), the Board of Directors ('Board') of Bharti Hexacom Limited ('Hexacom' or 'Company') has approved and adopted this Policy on Nomination, Remuneration and Board Diversity ('Policy').

## 2. Objectives

The main objectives of this Policy are as follows:

- ✓ To lay down criteria and terms & conditions with regard to identification of persons who are qualified to become Directors (Executive & Non-executive including Independent Directors), Key Managerial Personnel ('KMP') and Senior Management Personnel.
- ✓ To lay down criteria for determining the Company's approach to ensure adequate diversity in its Board.
- ✓ To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- ✓ To determine remuneration of Directors, KMPs and other Senior Management Personnel, keeping in view all relevant factors including industry trends and practices.
- ✓ To provide for rewards linked directly to their effort, performance, dedication and achievement of the Company's target.

## 3. Criteria for Appointment & Nomination

### A. Directors and Key Managerial Personnel

The Committee shall be responsible for identification of a suitable candidate for appointment as Director or KMP of the Company.

The Board shall consist of such number of Directors as is necessary to effectively manage the Company considering its size and nature, subject to minimum of 3 and maximum of 15 Directors. The Board shall have an appropriate combination of Executive, Non-executive, Independent and woman Directors. The Board shall appoint a Chairman and a Managing Director or CEO and the roles of Chairman and Managing Director or CEO shall not be exercised by the same individual.

The Company recognizes the importance of truly diverse Board in its success and believes that diverse board brings different set of expertise & perspectives. Therefore, while evaluating a person for appointment/ re-appointment as Director or as KMP of the Company, the Committee shall consider & evaluate various criteria and shall leverage difference in factors w.r.t. background, knowledge, skills, abilities & thought (to exercise sound judgement), professional experience, educational, professional, cultural & geographical background, personal accomplishments, nationality, gender, race, ethnicity, age, experience, time commitment, understanding of the sector(s) & industry(ies) in which Company operates including Telecommunication sector, expertise in marketing, technology, finance & other disciplines relevant to the Company's business. The Committee shall consider such other factors as may be relevant & applicable from time to time towards achieving a diverse Board.

While considering the appointment/ re-appointment of any person as Director of the Company, the Committee shall ensure that he/ she satisfies the following criteria:

- ✓ He/ she is eligible for appointment/ re-appointment as Director and is not disqualified in terms of Section 164 & other applicable provisions of the Act and SEBI Listing Regulations.
- ✓ He/ she has attained the age of 25 years and is not older than 75 years.
- ✓ His/ her total number of directorship in the companies are within the limits prescribed under the Act and SEBI Listing Regulations.
- ✓ He/ she will be able to devote sufficient time & efforts towards discharging duties & responsibilities, effectively.

In case of appointment/ re-appointment of an Independent Director, the following additional criteria shall be considered by the Committee:

- ✓ He/ she meets the criteria of “independence” as set out in the relevant provisions of the Act, SEBI Listing Regulations and other laws applicable to the Company.
- ✓ He/ she does not hold any Board/ employment position with a competitor having its presence in the geographies in which Company operates. However, the Board may in special circumstances waive this requirement.

The re-appointment/ extension of term of Directors of the Company shall be on the basis of their performance evaluation report. For the purpose of identification of suitable candidates, the Committee may use the services of external agency(ies), if required.

## **B. Senior Management**

While evaluating a person for appointment as Senior Management Personnel including KMP, various factors shall be considered including but not limited to individual’s background, competency, skills, abilities (*viz. leadership, ability to exercise sound judgement etc.*), educational & professional background, personal accomplishment, age, relevant experience and understanding of relevant field *viz. marketing, technology, finance or such other discipline relevant to present and/or prospective operations of the Company.*

*“Senior Management”, for the purpose of this Policy, means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of the Management one level below the chief executive officer/managing director/whole time director/manager and shall specifically include company secretary and chief financial officer.*

## **4. Criteria for Remuneration**

While determining the remuneration of Directors, KMP, Senior Management Personnel and other employees, the following criteria shall be considered:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors & other employees of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- The remuneration involves and balance between fixed & variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
- Alignment of remuneration of Directors and KMP with the long-term interest and sustainability & ESG goals of the Company.

The overall limit of remuneration of the Directors including Executive Directors (i.e. Managing Director, Whole-time Director etc.) is governed by the applicable provisions of the Act & rules made thereunder and SEBI Listing Regulations.

The Board may determine different remuneration for different Directors on the basis of their respective roles, responsibilities, duties, time commitment etc.

#### **A. Non-Executive Directors including Independent Directors**

In terms of the provisions of Section 197 of the Act, rules made thereunder and in pursuance to the approval of Board of Directors and Shareholders' of the Company, the Non-executive Directors (whether Independent or otherwise) shall be eligible for the following remuneration:

Type	Non-executive Independent Directors	Additional commission basis committee position
<b>Annual Commission on Net Profit (Calculated as per Section 198 of the Companies Act, 2013)*</b>	✓ Rs. 12,50,000/- p.a.	<u>Audit Committee - Chairman</u> ✓ Rs. 2,50,000/- p.a.  <u>Nomination and Committee - Chairman</u> ✓ Rs. 2,50,000/- p.a.
<b>Sitting Fee</b>	Rs. 25,000/- per Board meeting and Committee meeting ( <i>attended in person or through video conference</i> )	--

\* Subject to availability of sufficient profits and within an overall ceiling of 1% of the net profits for all Non-executive Directors in aggregate.

The commission is payable annually in the following manner:

- after the approval of shareholders for payment of Commission; or
- in case the payment of commission is already approved by the shareholders of the Company, after the approval of financial results of the relevant financial year by the Board.

In the event of inadequacy of profits/ losses, the Board on the recommendations of the Committee may pay such commission subject to the approval of shareholders.

In addition to the above, Non-executive Directors (including Independent Directors), in special circumstances, may be entitled to special commission as approved by the Board from time to time on the recommendation of the Committee.

In case the Board appoint any person as an alternate Director to an Independent Director, such person will be entitled to sitting fee for the relevant meeting.

#### **B. Executive Directors (Managing Director, Whole-Time Director, Executive Directors etc.)**

The remuneration (including revision in the remuneration) of Executive Directors shall be approved by the Board on the basis of the recommendation of the Committee.

The remuneration payable to Executive Directors shall consist of the following:

- (a) Fixed Pay, which is payable monthly, and shall include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation & other allowances as per the Company's policy
- (b) Variable Pay (paid at the end of financial year) directly linked to the performance of the individual employee (i.e. achievement against predetermined KRAs), his/ her respective Business Unit and the overall Company's performance
- (c) Long term incentive/ ESOPs as may be decided by the Committee from time to time.

### **C. Key Managerial Personnel (other than those covered in Clause B above), Senior Management Personnel and other employees**

The remuneration of Key Managerial Personnel (other than those covered in Clause B above), shall be as per the HR policies of the Company.

The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees consist of the following:

- (a) Fixed Pay, which is payable monthly and include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation & other allowances as per the Company's policy
- (b) Variable Pay (paid at the end of financial year) directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRAs), his/ her respective business unit and the overall Company performance
- (c) Long term incentive/ ESOPs as may be decided by the Committee from time to time.

The Committee shall recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

## **5. Malus/ Clawback**

The deferred/variable remuneration (including Long Term incentive) of Directors, KMPs and other Senior Management Personnel shall be subject to malus/clawback arrangements in the event of negative contributions of the Company and/or the relevant line of business in any year.

A malus arrangement permits the Company to prevent vesting of all or part of the amount of a deferred remuneration, however, it does not reverse vesting after it has already occurred. A clawback, on the other hand, is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances.

Under Malus and/or clawback arrangement, the Company, at the discretion of the Committee, shall have the power to prevent vesting of all or part of the amount of remuneration (including deferred/ variable remuneration) or reduce, withhold, cancel, clawback such remuneration or impose further conditions in following conditions:

- a) Significant drop in performance of Individual / Business / Company due to irregularities or a material failure of risk management or serious reputation damage;
- b) Disciplinary Action against the Individual;
- c) Resignation of the Individual prior to the payment date;
- d) Restatement of financial results due to errors or misconduct/ fraud that resulted in incorrect financial reporting;
- e) Directions/ approval of any authority governing the Company; and
- f) If the Committee, in its discretion, deem it necessary to apply malus or clawback.

In the event of failure of the Directors, KMPs and other Senior Management Personnel to pay back the amount under this clause, the Company shall have the right to take necessary action as per the Company's Policy.

## 6. Disclosure by the Company

This Policy shall be hosted on the Company's website viz. [www.bhartihexacom.com](http://www.bhartihexacom.com). Further, salient features of this Policy, along with changes made therein during the year, if any, along with web address of this Policy shall be disclosed in the Annual Report.

## 7. General

Company Secretary is authorized to amend any provisions of this Policy to give effect to any change/ amendment notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any other regulatory authority, from time to time. Such change(s)/ amended policy shall be placed before the Committee and Board for noting and ratification.

In case any provision of this Policy is contrary to or inconsistent with the provisions of the Act, SEBI Listing Regulations and/ or any other applicable law for time being in force, the latter shall prevail.

Words & expressions used in this Policy, shall have the same meaning as ascribed to them in SEBI Listing Regulations, SEBI Act, Act, rules & regulations made thereunder and/ or any other law applicable to the Company for time being in force.

Any question/ clarification/ suggestion relating to this Policy may be addressed to the Company Secretary at [bharti@hexacom@bharti.in](mailto:bhartihexacom@bharti.in).

## 8. Version History

Version	Date of approval of the Board of Directors	Effective Date
1.0	Initial	
2.0	May 19, 2022	May 19, 2022
3.0	February 12, 2024	April 1, 2024