

ABB INDIA LIMITED

NOMINATION AND REMUNERATION POLICY

This nomination and remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 and Regulation 19(4) read with Para A (1) of Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.

I. **Applicability:**

The Policy is applicable to:

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel and other employees

II. **Definitions:**

In this policy unless the context otherwise requires

- a) "Act" means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) "Company" means ABB India Limited.
- c) "Board" means Board of Directors of ABB India Limited
- d) "Committee" means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.
- e) "Key Managerial Personnel" or "KMP" means Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and such other persons who may be prescribed to be KMP under the Companies Act, 2013.
- f) "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.
- g) "Senior Management" shall mean the officers and personnel who are members of its core management team viz; the business division heads, the Chief Financial Officer, the Chief Human Resources Officer, the Company Secretary and General Counsel excluding the Board of Directors and comprise of following functional heads viz; Head of Communications, Head of Health, Safety and Environment, Head Real Estate, Head of Taxation, Head of Information Security, Head of Sustainability and CSR.

III. **Constitution of Nomination & Remuneration Committee:**

The Nomination and Remuneration Committee of the Board shall be constituted with at least three members all of whom shall be non-executive directors.

The Board shall determine the Members of the Committee and 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 or she shall not be appointed as the Chairman of the Committee.

IV. Role of the Nomination and Remuneration Committee:

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

- a) Formulating criteria for determining qualifications, positive attributes and independence of a director.
- b) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management and as KMP of the Company in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- c) Recommending to the Board a policy, relating to the remuneration of the Directors, Senior Management, KMP and other employees, as may be applicable.
- d) Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director considering candidates from a wide range of backgrounds, having due regard to diversity and time commitments of the candidates.
- e) Formulating criteria for evaluation and manner of effective evaluation of Independent Directors, Board, its committees and every Director's performance.
- f) Determine whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of independent directors.
- g) Devising a policy on Board diversity.
- h) Ensuring that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully.
- i) Recommend to the board, all remuneration, in whatever form, payable to senior management.
- j) Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- k) Performing such other functions as may be necessary or appropriate for the performance of its duties.

V. Appointment Criteria and Qualifications:

- a) Board of Directors

The Board diversity policy of the Company specifies a range of diversity perspectives, including but not limited to qualities/parameters of the individual that may be considered in identifying the appropriate persons qualified to occupy Board positions.

b) **KMPs and Senior Management**

The appointment of key managerial personnel and senior management employees shall be made based on core competencies, characteristics, qualifications, experience, industry relevance etc.

For the purpose of identifying suitable candidates, the Company may:

- use the services of an external agencies, if required
- consider candidates from a wide range of backgrounds, having due regard to diversity, integrity etc and
- consider the time commitments of the candidates

Appropriate policies of the Company/ ABB group shall be considered at the time of selection and recruitment of candidates occupying the said positions.

VI. Remuneration:

a) **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel and other employees:**

The extent of overall remuneration payable may be decided taking into consideration the following parameters:

- Sufficient to attract, motivate and retain talented and qualified individuals suitable for respective role
- Reflective of size of the Company's operations, complexity of the role/sector/industry/geography etc
- Company's compensation, grading structure and applicable ABB group policies
- Market benchmark for equivalent jobs/role
- Regulatory requirements, if any.

b) **Remuneration to Independent Director:**

Independent Directors may be paid as follows:

- Sitting fees for attending the Board Meetings and meetings of its committee/s as may be approved by the Board of Directors.
- Yearly profit related commission as may be approved by the Shareholders. While determining such commission, factors like attendance in the meetings, role played by the Independent Director etc may be considered by the Board/ Shareholders.

VII. Removal:

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable act, rules and regulations, the Committee may recommend to the Board, the removal of a Director, KMP or Senior Management subject to the provisions and compliance of the applicable act, rules and regulations.

In instances where any allegations of misconduct against any Senior Management personnel are substantiated under the Company's Code of Conduct, necessary disciplinary actions may be undertaken as per the recommendations of the disciplinary committee constituted for the purpose and the details of the same will be placed at the subsequent meeting of the Board/Committee.

VIII. Business Continuity:

In circumstances where there is an urgent need to fill any vacant position(s) of Senior Management in the Company, the Country Human Resource Officer and/or the Managing Director in consultation with the Chairperson of the Committee may proceed with the appointment and fixing of remuneration of suitable candidates in accordance with the criteria laid out under this Policy and details of the same will be placed for ratification at the subsequent meeting of the Board/Committee.

Any subsequent amendments in the Act or the Listing Regulations or any other statutory enactments the same shall automatically be applicable to the extent of such amendment.