

STERLITE ELECTRIC LIMITED¹

- Nomination & remuneration policy*
- Framework for performance evaluation of Independent Directors and the Board*
- Framework for Separate Meeting of Independent Directors*
- Familiarization Programme for Independent Directors*
- Policy on Board Diversity*
- Policy on succession planning*

Owner:

Corporate HR Department

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Policy - 2.0

*Note: The Policies listed above, to the extent they are applicable to an un-listed public company, shall become applicable from the date of its approval by the Committee/Board, as the case may be. Post listing of the equity shares of the Company with the Stock Exchange(s), the policies would become fully operational/ applicable to the Company.

¹ The name of the Company was changed from Sterlite Power Transmission Limited to Sterlite Electric Limited with effect from April 15, 2025, vide special resolution passed by the Members/Shareholders on January 25, 2025



NOMINATION & REMUNERATION POLICY

1. Purpose and Effective Date

Sterlite Electric Limited (*formerly known as Sterlite Power Transmission Limited*) has adopted this Nomination and Remuneration Policy (the "**Policy**"), to ensure the proper appointment and remuneration of the Directors, Key Managerial Personnel (KMP) and Senior Management as required under the provisions of Section 178 (3) and (4) of the Companies Act, 2013 (the "**Act**") and the rules made thereunder, each as amended (the "**Act**") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**").

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate competent resources, and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

This policy shall apply with effect from **[August 16, 2021.]**

2. Definitions

- i. **Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013 ("**Act**").
- ii. **Key Managerial Personnel** (the "**KMP**") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.
- iii. **Nomination and Remuneration Committee**, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.
- iv. **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

- v. **Senior Management** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the SEBI Listing Regulations, Act or any rules framed under the Act and Rules framed thereunder shall have the meanings assigned to them therein.

3. Composition of the Committee:

The constitution, reconstitution and composition of the Committee is / shall be in compliance with the Act and Rules made thereunder.

4. Role of the Committee:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board this Policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- c) Devise a Policy on Board diversity;
- d) Identify persons who are qualified to become Director and persons who may be appointed in senior management position in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- e) Administration of Employee Stock Option Scheme(s), if any
- f) Reviewing and recommend the remuneration of Executive Directors of the Company.
- g) Undertake any other activity in this regard as may be required by the Companies Act, 2013 or the Rules, from time to time.
- h) To do all acts, deeds and things which may be necessary for effective implementation of the foregoing acts.

5. Appointment and removal of Director and persons in Senior Management:-

5.1 Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of persons in Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of persons in Senior Management, Managing Director & CEO of the Company is authorized to identify and appoint suitable persons for such positions. However, if the need be, Managing Director & CEO of the Company may consult the Committee/ Board for further directions / guidance.

5.2 Term:

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The Term of the Directors including Managing / Whole time Director / Manager/ Independent Director shall be governed as per the provisions of the Act and Rules made thereunder. Whereas the term of the persons in Senior Management shall be governed by the prevailing HR policies of the Company.

5.3 Evaluation:

The Committee shall carry out evaluation of performance of every Director.

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment/re-appointment/ continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Framework for performance evaluation of Independent Directors and the Board is as per **Annexure A** to this Policy.

5.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director or person in Senior Management.

6. Remuneration of Managing / Whole-time Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made

thereunder. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements. Further, [the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing/Whole-time Director) and persons in Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

- 1.1. The Company's total compensation for key managerial personnel/ senior management as defined under the Act / other employees will consist of:
 - fixed compensation
 - variable compensation in the form of annual incentive
 - benefits
 - work related facilities and perquisites.
- 1.2. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.
- 1.3. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance.
- 1.4. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.
- 1.5. Based on the grade and seniority of employees, benefits for employees include:
 - Health-Related
 - Health (hospitalization) insurance
 - Accident and life insurance
 - Retirement-related
 - Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)
- 1.6. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- 1.7. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

7. Remuneration to Non-executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Directors ("**NEDs**"), shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / Shareholders. The remuneration / commission / sitting fees, etc., as the case may be, to the NEDs will be determined by the Nomination and Remuneration Committee ("**NRC**") and recommended to the Board for its approval.

The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and NRC meetings will be fixed, subject to the statutory ceiling. [The fee will be reviewed periodically and aligned to comparable best in class companies.

An Independent Director shall not be entitled to any stock option of the Company, if any, unless otherwise permitted in terms of the Act.

8. Committee Members Interest

- 8.1** A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
- 8.2** The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

9. Dissemination of Policy

- 9.1** This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

10. Compliance with the Policy

It shall be the responsibility of the Company Secretary to ensure compliance with the Policy and that the approval process is duly followed and data required for the approval process is made available to the respective approving authority.

In case of non-compliances, it shall be the responsibility of the Company Secretary to report the non-compliances to the Nomination and Remuneration Committee/Board of Directors. The Nomination and Remuneration Committee/Board of Directors may take appropriate mitigating actions in compliance with prevailing laws.

In case there is any conflict between the provisions of this Policy and the Act or any other Statute/Rule/Regulation, the provisions of the Act or such other Statute/Rule/Regulation shall prevail over this Policy.

FRAMEWORK FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

As per the provisions of section 178 and Schedule IV of the Act, the Nomination and Remuneration Committee (the “**Committee**”) shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. This Framework shall contain the details of Board’s self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
 - 2.1 Knowledge to perform the role;
 - 2.2 Time and level of participation;
 - 2.3 Performance of duties and level of oversight; and
 - 2.4 Professional conduct and independence.
3. The performance evaluation of Independent Directors shall be carried out in accordance with the provisions of the Companies Act, 2013 and rules made thereunder in this regard.
4. If required by Chairman, the Board / Independent Directors may be asked to complete the evaluation forms and submit the same to the Chairman.
5. In terms of Section 134 of the Act, the Directors’ Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

FRAMEWORK FOR SEPARATE MEETING OF INDEPENDENT DIRECTORS

As required by the provisions of Schedule IV to the Act, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

The meeting shall:

- (a) review the performance of Non-independent Directors and the Board as a whole;
- (b) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and / or Non-executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

1. Preamble:

Regulation 25(7) read with 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") inter-alia stipulates that Sterlite Electric Limited (*Formerly known as Sterlite Power Transmission Limited*) ("**Company**"), shall familiarize its independent directors with the Company, their roles, rights, responsibilities in the Company, business model of the Company, nature of the industry in which the Company operates and any other relevant information, through periodical programmes. Additionally, these programmes allow independent directors to interact closely with the senior leadership of the Company. This policy for familiarisation programme for independent directors (the "**Policy**") is accordingly formulated in pursuance of the aforesaid requirements of Listing Regulations. The board of directors of the Company ("**Board**") adopted the revised Policy vide its Board meeting held on September 29, 2025

The Policy shall come into force with effect from the date Regulation 25(7) of the Listing Regulations becomes applicable to the Company.

The Schedule IV of the Companies Act, 2013 also assigns the duty to the independent directors to undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company

2. Administration:

The Familiarization programme for Independent Directors will be administered and monitored by Nomination and Remuneration Committee and / or by Board of Directors of the Company.

3. Purpose

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

4. Familiarization Process

4.1. The Company shall conduct programs / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company;

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5.1. Such programs / presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's



strategy, business model, operations, service, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time;

The programs / presentations shall also familiarize the Independent Directors with their roles, rights and responsibilities;

5.2. The Company may circulate news and articles related to the industry on a regular basis and may provide specific regulatory updates from time to time; and

5.3. The Company may conduct an introductory familiarization program / presentation, when a new Independent Director comes on the Board of the Company.

6. Amendment

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.

7. Familiarization module for Independent Directors:

The module will be on the following lines and will be restructured as and when necessary.

<i>Orientation module for new and existing directors</i>	Overview of business, operations and business model of the Company.
	Financial Performance, Budgeting and Planning.
	Overview of business of Subsidiaries.
	Familiarization on Statutory compliances including their roles, rights and responsibilities in the Company as a Board Member.
	Overview of Organization Structure
	Any other subject/program which would help in better understanding of the Company.

8. Review of the Program

The Board will review this Program and make revisions as may be required.

9. Program and Disclosure:

7.1 The Program will be conducted “as needed” basis during the year.

7.2 As and when the Program is conducted the same will be disclosed on the website of the Company and a web link thereto shall also be given in the annual report of the Company in compliance with the SEBI Listing Regulations

POLICY ON BOARD DIVERSITY

1. Purpose of this Policy:

Pursuant to the Regulation 19(4), read with Part D of Schedule II of the Listing Regulations, the NRC of a listed entity is required to devise a policy on the diversity of the Board. In compliance with the Listing Regulations, the Company has formulated this Board Diversity Policy.

This Policy on Board Diversity (the “**Policy**”) sets out the Company’s approach to ensuring adequate diversity in its Board of Directors (the “**Board**”) and is devised in consultation with the Nomination and Remuneration Committee (the “**Committee**”) of the Board.

2. Scope of Application:

This Board Diversity Policy shall be read along with the Nomination and Remuneration Policy of the Company and applies to the Board composition only and does not apply to employees of the Company.

The Policy applies to the Board of Sterlite Electric Limited (*formerly known as Sterlite Power Transmission Limited*) (the “**Company**”).

3. Policy Statement:

The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognized that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

The Committee shall review the profile of the prospective candidates for appointment as Director on the Board taking in consideration knowledge, experience, financial literacy / expertise, global market awareness and other relevant factors as may be considered appropriate. The Committee shall also take into consideration the provisions of the Companies Act, SEBI Listing Regulations and other statutory, regulatory and contractual obligations of the Company.

4. General

Notwithstanding anything contained in this Policy, the Company shall ensure compliance with the Companies Act, Listing Regulations and any other additional requirements as may be prescribed under any Applicable Law, either existing or arising out of any amendment to such laws / regulations, or otherwise and applicable to the Company from time to time.

5. Review of the Policy:

The NRC shall review and may modify, amend, and / or supplement the Board Diversity Policy from time to time and make appropriate recommendations to the Board to ensure the effectiveness of the Board Diversity Policy, subject to the provisions of Listing Regulations and the Companies Act and rules framed thereunder and any other Applicable Law.

Any change / amendments in Applicable Laws regarding diversity in the composition of the Board shall be deemed to be covered in this Policy without any revision.

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of any relevant applicable law, such applicable law in force, from time to time, shall prevail over this Policy.

POLICY ON SUCCESSION PLANNING

1. Background and Significance

The SEBI has mandated the need for a succession policy pursuant to Regulation 17(4) of the Listing Regulations, in order to ensure that the interests of investors of a listed company do not suffer on account of sudden or unplanned gaps in management of the company. Therefore, the board of directors of all listed companies are required to develop an action plan for successful transition of key executives in accordance with the Listing Regulations. Therefore, pursuant to the Listing Regulations, the Company is required to put in place a plan for orderly succession for the Board and Senior Management.

Succession planning is crucial to the survival and growth of any business and a tool for an organization to ensure its continued effective performance through leadership and management continuity.

The Company appreciates the importance of succession planning to ensure continuity in its smooth functioning. Key positions in the Company, which are important for the Company's current and future growth are assigned to qualified and competent professionals. It is imperative to fill up vacancies in such positions well in time to ensure continuity in leadership and management of the Company.

In view of the above, the Company has formulated this Policy, which shall come into force with immediate effect.

2. Objectives

The objectives of the Policy are, *inter alia*, as under:

- a) To identify and nominate suitable candidates for the Board's approval to fill vacancies which may arise in the Board from time to time;
- b) To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives;
- c) To identify the key job incumbents in Senior Management positions and recommend whether the concerned individual be granted an extension in term/service or be replaced with an identified internal or external candidate or recruit other suitable candidate(s); and
- d) To ensure the systematic and long-term development of individuals in the Senior Management level to replace as and when the need arises due to deaths, disabilities, retirements, and other unexpected occurrence.

3. Applicability of the Policy

The Policy shall be applicable for succession planning of the Managing Director/Whole-time/ Executive Directors, Non-Executive Directors, Independent Directors and other members of the Board and Senior Management.

SUCCESSION PLAN

4. Succession Plan for the Board

The NRC shall review the leadership and management needs of the Company from time to time. The NRC shall assess the suitability of a person who is being considered for appointment as a director of the Company, based on his / her educational qualification, experience, expertise and track record and shall recommend to the Board, the terms and conditions of his/her appointment, including remuneration. Every such person shall meet the 'fit and proper' criteria as may be stipulated by the NRC and under Applicable Laws.

The recommendations of the NRC shall be placed before the Board for approval. The appointment or re-appointment of a Director shall be subject to prior approval / recommendation by the NRC.

5. Succession Plan for the Senior Management

The human resource department of the Company (the "**HR Department**") shall periodically review and consider the list of Senior Management due for retirement/ attrition within the year.

The HR Department shall also consider the new vacancies that may arise because of business needs/ upgradation of department(s)/ regional office(s). Considering the above, the HR Department shall assess the availability, internally and / or externally as the case may be, of suitable candidates for the Company's future growth and development.

Further, based on the recommendation of the Managing Director and/or the Chief Executive Officer, the HR Department:

- a. shall evaluate the incumbent after considering all relevant criteria like qualifications, experience, age, health, leadership quality etc., and recommend whether the concerned individual (i) be granted an extension in term/ service; or (ii) be replaced with an identified internal or external candidate;
- b. shall identify the competency requirements of the key positions, assess potential candidates, and develop required competency through planned development and learning initiatives. The HR Department may utilise the services of professional search firms to assist in identifying and evaluating potential candidates;
- c. may recommend to appoint other suitable external candidate(s) as special recruitment in Senior Management based on the profiles and competency in order to provide a continuous flow of talented people to meet the organisational needs;

6. Amendments

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of any relevant applicable law, such applicable law in force, from time to time, shall prevail over this Policy.