



## Remuneration Policy

### 1. Objective

The objective of the Remuneration policy of Switch Mobility Automotive Limited (SMAL) is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of SMAL's stakeholders.

### 2. Key elements of the Remuneration policy:

- The remuneration policy reflects a balance between the interests of SMAL's main stakeholders and the Company's short term and long-term strategy. As a result, the structure of the remuneration package is designed to balance short term operational performance with the medium and long-term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. SMAL strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment.
- To ensure that highly skilled and qualified Executives can be attracted and retained, SMAL aims for a total remuneration level that is comparable to levels provided by other companies that are similar to SMAL in terms of size and complexity.
- In designing and setting the levels of remuneration for the Directors, Key Managerial Personnel and Senior Executives, the Committee also takes into account the relevant statutory provisions and provisions of the Corporate Governance regulations, societal and market trends and the interests of stakeholders.
- SMAL's policy is to offer the Directors, Key Managerial Personnel and Senior Executives a total compensation comparable to the peer group.

### 3. Remuneration for Non-Executive Directors

The Company has been incorporated only in December 2020 and is in the phase of stabilising its operations. The Board may therefore from time to time, decide on payment of sitting fees to Non-Executive Directors including Independent Directors for attending the meetings of the Board / Committees thereof.

Non-Executive Directors may be reimbursed of any out of pocket expenses incurred by them for attending the meetings of the Board/Committees.

### 4. Remuneration for Executive Director, Key Managerial Personnel and Senior Executives

#### 4.1. Remuneration to Executive Directors

The remuneration to be paid to the Executive Directors shall be governed by the provisions of the Companies Act, 2013 and the approvals obtained from the shareholders of the Company. Based on the powers conferred on them, the Nomination and Remuneration Committee/Board shall decide on the

terms and conditions and the remuneration (including increments/revisions) to be paid to the Executive Directors.

Such remuneration may be in the form of Base Salary and allowances, Annual Incentive Plan, Long Term Incentive Plan and other Perks and Benefits.

#### **4.2. Remuneration of Key Managerial Personnel and Senior Executives:**

Key Managerial Personnel shall mean the Chief Executive Officer or its equivalent by whatever name called, the Chief Financial Officer and the Company Secretary. The remuneration structure for Executive Directors who are also Key Managerial Personnel will be covered under Clause 4.1 of this Policy.

Senior Executives shall mean Executives of the Company who are members of the Core Management Team excluding Board of Directors but comprises of all members of Management one level below the Executive directors, including the functional heads.

The compensation of the KMP and Senior Executives consists of the following components:

- Base salary
- Variable income – Annual Performance Pay (APP)

#### **4.3. Key Terms**

##### **Base salary**

On joining the Company, the KMP and Senior Executives receive a base salary comparable to the peer group.

##### **Variable income**

The variable income part of remuneration is based on performance in comparison to target and it aims to achieve a proper balance between short term result and long-term value creation. The parameters relating to the various elements of the variable income part of the remuneration are established and where necessary adjusted by and at the discretion of the Committee, taking into account the general rules and principles of the remuneration policy itself.

The targets are determined each year by the Committee in consultation with the respective Director/KMP/Senior Executive, based on historical performance, the operational and strategic outlook of the Company in the short term and expectations of the Company's management and stakeholders, Management Plan and Budgeting (MPB) approved by the Board of Directors among other things. The targets contribute to the realization of the objective of long-term value creation.

It is one of the long-term objectives to reach the proportion of variable compensation up to 25% of the total compensation or as the percentage as the Nomination and Remuneration Committee may decide from time to time.

#### **5. Remuneration for other Employees**

Remuneration of middle and lower level employees of the Company consists mostly of fixed pay and a reasonable performance pay which is reviewed on an annual basis. Increase in the remuneration of

employees is effected based on an annual review taking into account performance of the employee and the performance of the Company also.

## **6. Remuneration for Workmen**

Remuneration of workmen employed in the factories of the Company consists of fixed pay, attendance incentives and other welfare benefits, which is negotiated and agreed upon on periodical basis. Increase in the remuneration of workmen is effected based on a review of performance of the Company and increase in the general price levels / cost of living index, etc.

## **7. Alignment of Remunerations**

The Committee strives to achieve that the remunerations of the Directors, Senior Executives, middle and lower level employees of SMAL are aligned to each other.

## **8. Term of Appointment**

Term of Chief Executive Officer is generally for a period of 1 to 5 years and renewed for similar periods from time to time. However, the Board reserves the right to appoint a CEO for a shorter term as it may deem fit. Whereas, term of the other employees, generally is upto the age of superannuation. However, Company also employs contractual employees as 'consultants' for shorter periods on need basis.

## **9. Post-retirement Benefits**

The employees are entitled for retirement benefits such as provident fund and gratuity.

## **10. Severance Arrangements**

Contracts of employment with Executive Director and regular employees, provide for compensation of up to 3 months' pay or advance notice of similar period.

## **11. Loans**

There is no system of granting of loans to Directors, KMP and employees of the Company.

## **12. The Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (Committee) is responsible for formulating the policy and making the necessary amendments to the Remuneration Policy from time to time.

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