

STERLITE GRID 5 LIMITED

- Nomination & remuneration policy
- Framework for performance evaluation of Independent Directors and the Board
- Framework for Separate Meeting of Independent Directors

Owner:

Corporate Secretarial Department

Issue Date:

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NOMINATION & REMUNERATION POLICY

1. Purpose and Effective Date

Sterlite Grid 5 Limited (“**the Company**” or “**SGL-5**”) 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 of the Companies Act, 2013 (the “**Act**”) and the rules made thereunder.

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

- a) To evaluate the performance of the members of the Board, its committees, and Individual director 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.
- d) To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks

This policy shall apply with effect from **December 01, 2025**. In case of any inconsistency between this Policy and applicable laws, the provisions of law shall prevail, and the Company shall comply accordingly.

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.

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

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, in addition to any other assignment that may be given to it from time to time by the Board or which are applicable to it as per any law, perform the following functions:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of Independent Directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become directors and who may be appointed in senior management 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 recommending 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 as may be necessary for effective implementation of the foregoing acts.

5. Appointment and removal of Director

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.

5.2 Term:

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.

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 annexed to this Policy.

5.4 Other Directorships / Committee Memberships

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.

5.5 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 to Non-executive / Independent Director

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, 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.

7. Compliance with the Policy

The Board may amend this Policy from time to time on its own or based on the recommendation of Nomination and Remuneration Committee and as necessitated by statutory or regulatory changes. The Company Secretary is authorized to carry out updates as required.

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.