



**Tech Mahindra Governance Policies for the Board of Directors, the
Nomination and Remuneration Committee, KMP & Senior
Management Appointments, Remuneration & Evaluation**

**GOVERNANCE POLICIES FOR THE BOARD OF DIRECTORS, THE NOMINATION
AND REMUNERATION COMMITTEE, KMP & SENIOR
MANAGEMENT APPOINTMENTS, REMUNERATION & EVALUATION**

1. OBJECTIVE

To have a broad Governance framework and to comply with the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the following policies have been formulated:

- 1.1 Policy on appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- 1.2 Policy on Remuneration to the Directors, Key Managerial Personnel, Senior Management and other Employees;
- 1.3 Policy on Directors’ Training;
- 1.4 Policy on Evaluation of performance of the Board of Directors, Committees, Chairman of the Board and individual Directors;
- 1.5 Policy on Succession Planning for the Board, Key Managerial Personnel and Senior Management;
- 1.6 Policy on Board Diversity;

The said policies constitute the guidelines and principles to be followed by the Nomination and Remuneration Committee in exercising its powers in respect of the matters envisaged by Section 178 of the Companies Act, 2013 and SEBI Listing Regulations.

2. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Act**” means the Companies Act 2013 as amended from time to time

“**Advisory Council**” means the committee of MD & CEO, CPO and CFO constituted to recommend grant of Stock Options

“**Board**” means Board of Directors of the Company.

“**Board Evaluation Portal**” means an automated web based portal for evaluation of Directors

“**Company**” means Tech Mahindra Limited.

“Committee(s)” means Committees of the Board constituted from time to time.

“Employee” means employee of the Company, whether employed in India or outside India, including employees in Senior Management Team of the Company.

‘EVC’ means Executive Vice Chairman of the Company

“HR” means the Human Resource department of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director (MD), or Chief Executive Officer (CEO);
- (ii) Whole-time Director (WTD);
- (iii) Chief Financial Officer (CFO); and
- (iv) Company Secretary (CS);

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company.

“Rules” means the Rules made under the Companies Act, 2013.

“Senior Management” or **“Senior Management Personnel”** means employees of the company, who are one level below the CEO/MD/WTD, and shall include Company Secretary, and Chief Financial Officer.

3. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SENIOR MANAGEMENT

3.1 Directors

- The NRC determines the criteria for appointment to the Board. It is vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of individual candidate, the NRC will take into account multiple factors, including general understanding of the business, education, professional background, personal achievements, individual skills, expertise and competency, knowledge of global business, financial management, strategy and planning, technology, governance, professional ethics and integrity.

NRC shall identify appropriate mix of Independent, Non-Executive and Executive Directors to meet the criteria as set out in the Act, and Listing Regulations.

- Based on the recommendation of the NRC, the Board will evaluate the candidate(s) and select the appropriate candidate. The Board, through the Chairman / the NRC/EVC / MD & CEO, will interact with the new member to obtain his/her consent for joining the Board.

Upon receipt of consent, the new Director will be appointed by the Board, subject to the approval of shareholders, and in accordance with applicable provisions of the Act, and Rules made thereunder.

3.2 KMPs

- The authority to identify the right candidates for the appointment of CFO and CS is vested with the MD & CEO. HR will facilitate in identifying the prospective candidates who might either be internal or external. NRC will consider the candidates proposed by the MD & CEO, and recommend to the Board, for its consideration and appointment in accordance with the applicable provisions of the Act and Rules.
- In case of the appointment of MD & CEO, NRC will initiate the process of identifying the new candidate, who can be an internal or an external candidate, for the respective position. After identification and screening of the candidate, NRC will propose the candidature to the Board for its consideration and for appointment subject to the approval of the Shareholders, and where applicable, of any regulatory authority.

3.3 Senior Management Personnel

The Senior Management Personnel, other than the CFO and CS, are appointed and removed/relieved with the authority of EVC or MD & CEO based on the business need and suitability of the candidate. Details of the appointment made and the personnel removed/relieved during a quarter shall be presented to the Board as part of update on Corporate Governance.

3.4 Removal of Directors and KMPs

If a Director or a KMP attracts any disqualification as mentioned in any of the applicable Acts, Rules or Regulations or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director or a KMP subject to the compliance of the applicable statutory provisions.

4. REMUNERATION TO DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL & OTHER EMPLOYEES:

4.1 Non- Executive Directors:

The NRC shall determine the criteria for the compensation to the Non- Executive Directors, including Independent Directors, whether as commission or otherwise. The criteria shall include factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of Committees, time spent in carrying out his/her duties, role and functions as envisaged in Schedule IV of the Act, and the Listing Regulations-and such other factors as the NRC may consider fit. NRC shall, based on the above criteria, make an appropriate recommendation

to the Board which shall determine the compensation to Non- Executive Directors, within the overall limits specified in the Shareholders resolution.

4.2 Executive Directors:

The remuneration of Executive Directors, including MD & CEO, shall be recommended by the NRC to the Board. The remuneration consists of both fixed compensation (which may be subject to annual increments) & variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits, as approved by the Board and within the overall limits as provided in the Shareholders resolution. While the fixed compensation (which may be subject to annual increments) is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance.

The Company may also grant Stock Options to the Executive Directors subject to compliance with the applicable statutes and regulations.

4.3 Remuneration to Senior Management Personnel and Other Employees

- The Company follows performance management system in line with the practice followed by peers and the prescribed norms to review the performance of employees /Senior Management and to determine remuneration based thereon.
- The overall remuneration to the employees includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with higher levels in the hierarchy, as the Company believes employees at higher position have a far greater impact and influence on the overall business result. The cost to company (CTC) is normally reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:
 - Performance
 - Potential
 - Criticality
 - Longevity in grade
- The remuneration for KMPs - CFO and CS will be proposed by the MD & CEO to the NRC consistent with the strategy of the Company, and their qualifications, experience, roles and responsibilities. NRC will review & recommend the same to the Board & The Board shall approve the remuneration in terms of the provisions of Section 203 of the Act.
- The remuneration for the Senior Management personnel shall be recommended by NRC in consultation with MD & CEO and approved by the Board.
- Remuneration for the new employees, other than KMPs and Senior Management Personnel, will be decided by HR, in consultation with the concerned business unit heads

at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

- The Chief People Officer (CPO) shall make a presentation to the NRC on the proposed annual increments, based on the performance of the Company, general trends in the industry and the annual performance appraisal process of the employees conducted by the HR department, during the financial year. Eligible employees will be rewarded with an annual increment. Before taking the proposal to the NRC, the CPO shall obtain the approval of EVC /MD and CEO.
- The Stock Option grants to the employees are approved by the NRC based on the recommendation of the Advisory Council;

5. POLICY ON TRAINING OF THE INDEPENDENT DIRECTORS:

Independent directors at the time of their appointment shall be provided with a personal orientation by the senior leaders. They will also be provided with the material/literature or an update at the Committee meetings regarding the Company's business and its operations, the nature of industry in which it operates, business models, governing documents, information on key personnel and financial information to familiarize them with the Company. Their appointment letter will provide their roles and responsibilities in the Company.

The Quarterly Board Meetings will contain an agenda item on 'Business Updates' which will highlight developments in the business and pursuit of strategic opportunities amongst others. Further, external experts may be invited periodically to address the Directors on latest developments in the industry, and on such matters that the Board considers relevant.

The Chairman, depending on the business needs, may also nominate Independent Directors for relevant external training programs.

6. FRAMEWORK FOR PERFORMANCE EVALUATION OF THE BOARD:

6.1 Structure

a. The evaluation structure primarily consists of:

- Performance Evaluation of the Board as a whole;
- Performance Evaluation of Committees;
- Performance Evaluation of Chairman of the Board; and
- Performance Evaluation of Individual Directors (including Independent Directors).

b. The evaluation will be carried out as detailed below:

- Board evaluation as a whole will be carried out prior to the first Board Meeting of the financial year (i.e. meeting scheduled for approval of annual audited financial results of the Company) & evaluation reports will be presented by the Chairman during the said first Board Meeting.
- Board's Committees' evaluation will be carried out prior to the first Board Meeting of the financial year (i.e. meeting scheduled for approval of annual audited financial results of the Company) and evaluation reports will be shared with the respective Committees in their first meeting of the financial year. The results will also be presented to the Board during the first Board meeting of the financial year by the Chairman of the respective Committees.
- Individual Directors' evaluation will be carried out prior to the first Board Meeting of the financial year.
- The Independent Directors, in their separate meeting, will carry out the evaluation of each of the Executive/Non-Independent Directors and the Chairman of the Board.
- The Executive Directors/Non-Independent Directors, along with the Independent Directors, will evaluate/assess each of the Independent Directors, excluding the Independent Director being evaluated.

The Board may if it considers appropriate, periodically appoint an external agency recommended by the NRC to carry out the evaluation of the Board, the Committee of the Board, the Chairman of the Board and the Individual Directors.

6.2 Process for Performance Evaluation of - the Board as a whole, the Committees of the Board, Chairman of the Board and the Individual Directors.

The process will be initiated each year by the Chairman of the NRC or any other person as authorized by the NRC.

- Unless otherwise decided, the evaluation will be carried out on the Board Evaluation Portal. The portal is designed specifically for this purpose & contains a set of questions which will enable the evaluation & meet the requirements of the Act and the Regulations.
- The NRC will facilitate the performance evaluation of individual directors through peer evaluation of each Board member.
- The key areas of evaluation are knowledge of business, diligence and preparedness, effective interaction with others, constructive contribution to discussion and strategy, concern for stakeholders, attention to the internal controls mechanism, and ethical conduct issues.

- Only Chairman of the Board, and NRC Chairman will have access to individual evaluation forms.
- Chairman of the Board/ NRC Chairman will arrange to tabulate the results and present a summary report to the Board during the first Board Meeting of the financial year. The summary report will include the findings against each of the evaluation criteria & comments thereto.
- The NRC Chairman, with the assistance of a suitable person, will tabulate the performance evaluation of committees and share the summary report with the respective Committees in their first meeting in the financial year. The summary report will include a score against each of the evaluation criteria & comments without any names.
- The Board and the NRC will take into consideration the feedback received from the directors, and make appropriate changes in governance practices and policies, if necessary.

7. SUCCESSION PLANNING:

7.1 Board:

The successors of the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term of the Independent Director. In the case of any vacancy caused of Independent Directors or Non- Executive Directors due to resignation or otherwise, his/her successor will be appointed within two quarters from the date of the occurrence of the vacancy.

The successors of the Executive Directors shall be identified by the NRC from among the Senior Management or external candidates, as the NRC/ Board deems appropriate.

The NRC will accord due consideration to the expertise and other criteria required for the successor.

The Board may, at its discretion, also decide not to fill the vacancy caused.

7.2 KMPs & Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipeline with new talent. It will ensure replacements of incumbents in critical senior management positions, including KMPs, in the organization.

As part of the annual evaluation of employees, each employee is advised to provide details of two employees from their team who can succeed them, along with the estimated time within which the identified successors will be ready to take up the new

role. The EVC / MD & CEO shall evaluate the best suitable employee among the recommended employees, when the need arises. The EVC/MD & CEO may also at their discretion consider appointing the successor from among external candidates.

8. BOARD'S DIVERSITY

The Company believes that the Company's Board should consist of both men and women from diverse backgrounds possessing different skillsets, perspectives, and industry experience, to achieve its strategic and commercial objectives. Given the nature of the Company's business, it should also have adequate representation of persons having exposure to international business trends and best practices. The Board composition should be such that the members complement the knowledge, experience, expertise and skill sets of one another so that the Board collectively functions to achieve the aforesaid objective.

NRC, while making its recommendation for board appointments, shall be guided by the aforesaid objective and give due weightage to multiple factors such as general understanding of the business, education, professional background, international exposure and personal achievements. The NRC shall ensure that the candidates for board membership should be persons of high ethical standards and integrity.

NRC shall ensure that in making its recommendation it shall not discriminate, directly or indirectly, on grounds of race, religion, ethnicity, cultural background, country of origin, nationality, marital status, gender, age, sexual orientation or disability which does not hinder a person's ability to function as a Board member

NRC shall also ensure that composition of Board meets the requirements of the Act, the Rules and the Listing Regulations.

9. AMENDMENT

These Policies may be changed at any time by the Board on the recommendation of NRC. However, the NRC shall have the authority to change the Evaluation questionnaires at any time during the year.