BLUE ENERGY MOTORS LIMITED

(Formerly Blue Energy Commercial Vehicles Limited)

Converted into a Public Limited Company w.e.f. 08/11/2024

NOMINATION AND REMUNERATION POLICY

VERSION HISTORY

Version	Approval Date	Revision date	Description
Version 1	__________		Original Policy In accordance with The Companies Act, 2013,

1. INTRODUCTION AND REGULATORY FRAMEWORK :

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act 2013 (hereinafter called as "the Act") read along with the applicable rules thereto, as amended from time to time.

This policy on nomination and remuneration of Directors and Key Managerial Personnel has been approved by the Board at its meeting held on 6th June 2025.The Nomination and Remuneration Committee ("Committee") shall meet at least once in a year and among other functions, shall also review the Policy periodically and may amend the same from time to time, as deemed necessary.

1. OBJECTIVE:

The Key Objectives and purpose of this policy are:

- Laying down criteria for determining qualifications, positive attributes for appointment of director and key managerial personnel

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- Laying down criteria for determining independence of a director
- Laying down manner of determining remuneration for the Directors and key managerial personnel.
- Criteria for effective evaluation of performance of Board, its committees and individual Directors
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- Devising a policy on Board Diversity.
- Ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. DEFINITIONS:

"Act" means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.

"Board" means the Board of Directors of the Company.

"Committee" or **"Nomination and Remuneration Committee**" means the committee of the Board of the Company, constituted in accordance with the provisions of Section 178 if the Act.

"Company" means BLUE ENERGY MOTORS LIMITED (BEM)

"Directors" mean members of the Board.

"**Independent Director"** means a director referred to in Section 149(6) of the Act, as amended from time to time.

"Key Managerial Personnel" (the "**KMP**") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

"Non-executive Directors" means a member of a Company's Board who is not in whole-time employment of the Company.

"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.

"**Senior Management"** mean personnel of the Company who are members of its core management team excluding the Board comprising all members of management at one level below the Chief Executive Officer/ Managing Director/ Whole-time Director and shall specifically include the functional heads, by whatever name called.

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

3. APPLICABILITY:

This policy is applicable to:

a) Directors (Executive and Non-Executive); and
b) Key Managerial Personnel

4. COMPOSITION OF THE COMMITTEE:

The composition of the Nomination and Remuneration Committee shall be in compliance with the Act, Rules made there under, as amended from time to time.

4.1 The Board has constituted the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which at one-half are independent directors and one Executive Director

a. The Chairman of the Committee shall be a Non-Executive Director
b. The Chairman of the Committee or in his absence, any other member of the committee authorised by him in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries.
c. The Company Secretary shall act as the secretary for Committee meetings
d. Quorum: The quorum for the Committee meeting shall be one third of its total strength or two members, whichever is higher, including at least one Independent Director and the participation of the members by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.
e. The Committee shall meet at least once in a year. Further, the meetings of the Committee shall be held as and when required and as statutorily required under the provisions of Companies Act, 2013 and Rules made thereunder and as per the applicable law, if any, for the time being.

5. ROLE OF THE COMMITTEE:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- To identify persons who are qualified to become Directors and Key Managerial Personnel in accordance with the criteria laid down in this policy.
- To carry out evaluation of performance of Board, its committees and individual Directors.
- To recommend to the Board the appointment and removal of Directors and Key Managerial Personnel.

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- To carry 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.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

6. DIVERSITY IN THE BOARD

Diversity refers to the variety of attributes of diverse nature between people and encompasses acceptance, respect and an understanding that everyone is unique. These aspects include age, gender, ethnicity, physical abilities, marital status, ideologies, background, knowledge and skills with a view to achieving a sustainable development, the Company shall aim to increase diversity at the Board level as an essential element in terms of:

- Experience of diverse nature;
- Gender in having the right representation of female members to also ensure statutory compliance as applicable;
- Qualifications, Knowledge and core skills/ expertise / competencies required of the Board in context of company's business/sector.

Diversity at the Board level shall be used as a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on the above parameters. The Company is committed to meritocracy and shall respect diversity within the Board members and shall have an inclusive culture where all view shall be heard and all opinions respected.

Further, for the appointment of Independent Directors, the Committee shall 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. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may: a. use the services of an external agencies, if required; b. consider candidates from a wide range of backgrounds, having due regard to diversity; and c. consider the time commitments of the candidates.

7. REQUIREMENTS RELATING TO DIRECTORS

A. Appointment of Directors

The Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and for this purpose, NRC shall also consider factors such as qualification and experience, positive attributes, disqualification, etc. Basis such evaluation, the Committee may also prepare a description of the role and capabilities required for an ID. For the purpose of identifying suitable candidates proposed to be appointed as Independent Directors, the Committee may:

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

The Company shall upon recommendations of the Committee, appoint those persons as Director who possess requisite qualifications and experience and positive attributes within overall framework of diversity as described in this Policy.

The Company shall not appoint or continue the employment of any person as Whole-time Director or Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

B. Term and Tenure of Appointment

Managing Director / Whole – time director / Executive director / Non-executive director

i. The Board shall appoint or re-appoint any person as a managing director, whole-time director or manager for a term not exceeding five years (5 years) at a time subject to approval by the members at the next annual general meeting.

ii. Not less than two-thirds of the total number of directors (excluding independent directors) shall be liable to retirement by rotation at every annual general meeting as per the provisions of the Act.

iii. At the annual general meeting at which a director retires by rotation, the Company may fill up the vacancy either by appointing the retiring director or some other person as may be deemed fit.

Independent Director

i. The term of appointment of an Independent Director shall be approved by the Board and shall be maximum upto five years (5 years) but he or she shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's Report.

ii. No Independent Director shall hold office for more than two consecutive terms but shall become eligible for appointment as a Director after expiration of three years (3 years) cool-off period, provided that he or she shall not be appointed or associated with the Company in any other capacity, either directly or indirectly during such period.

KMP and Senior Management Personnel

The term of appointment and subsequent retirement of KMPs shall be as per the provisions of the Act, other rules or regulations including any amendments made from time to time. Appointments of Senior Management Personnel ("**SMP**") shall be regulated by the prevailing HR policy of the Company.

C. Qualifications and Experience

i. Any person to be appointed as a Director on the Board of the Company, including Independent Director shall, in addition to a formal professional qualification should possess appropriate skills, experience and knowledge in one or more fields viz. Chief Executive Officer/ Senior Management Experience, General Management and Business Operations, Business Development, Strategy / Mergers & Acquisitions / Restructuring, Accounting / Finance / Legal, Risk Management, Public Policy, sciences, actuarial sciences, banking, finance, economics, law, management, sales, human resource, marketing, administration, research, corporate governance or technical operations etc., or such other skills as may be identified by the Board, on recommendation from the Committee, from time to time.

ii. Any person to be appointed as a Director on the Board of the Company shall be such person who shall be able to provide policy directions to the Company including directions on good corporate governance.

D. Positive attributes

The person to be appointed as a Director of the Company shall, in addition to the formal qualifications and relevant experience described in this Policy, shall also possess the attributes such as integrity, leadership, business orientation, commitment and proven track record and such other attributes, which in the opinion of the Committee are in the best interest of the Company.

E. Disqualification

Any person to be appointed as Director shall not possess any disqualifications as prescribed under the applicable laws.

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F. Evaluation

The Committee shall facilitate the Board to undertake evaluation of performance of all Directors on yearly basis including making recommendations to the Board on appropriate performance criteria for the Directors and formulating criteria and framework for evaluation of every Director's performance. The Board shall evaluate, every year, its performance along with that of the individual directors.

Familiarization Programme

The Company shall familiarize the independent directors of the Company through various programs about the Company, including:

i. Nature of the industry in which the Company operates;
ii. Business model of the Company;
iii. Roles, rights, responsibilities of the independent directors; and
iv. Any other relevant information.

8. REQUIREMENT RELATING TO KEY MANAGEMENT PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

A. Appointment of KMP and SMP

Based on the recommendation of the Committee, the appointment of the Managing Director, Chief Executive Officer, Whole-time Director, Chief Financial Officer and the Company Secretary shall be approved by the Board by means of a resolution. SMP shall be appointed by the Chief Executive Officer in consultation with Chief Human Resources Officer , in accordance with the HR Policy of the Company.

KMP and SMP shall be employed by the Company only on a whole-time basis and they will not be permitted to take up employment anywhere else except in accordance with the Act.

B. Qualifications and experience

Any person to be appointed as KMP or as SMP shall possess relevant educational, professional qualifications, experience and domain knowledge required for performing the job for which they are appointed. There shall be no discrimination on account of gender, race and religion in terms of appointment as KMP or SMP.

C. Positive Attributes

i. KMP and the SMP shall also possess attributes like decision making skills, leadership skills, integrity and proven track record and shall demonstrate commitment to the organization.

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ii. KMP and SMP shall meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision making.

D. Performance Evaluation

i. The Managing Director / Chief Executive Officer shall carry out the performance evaluation of all the SMPs and KMPs excluding himself / herself and the Whole-time Director.

ii. The evaluation process adopted by the Company shall always consider the appropriate benchmarks set as per industry standards, performance of the Company and of the individual KMP / SMP.

iii. Evaluation of performance shall be carried out at least once in a year, in accordance with the existing evaluation process of the Company.

Removal

The Committee may recommend to the Board the removal of Directors/ KMPs /SMPs in accordance with the Act and rules thereunder along with relevant provisions of the HR Policy of the Company.

Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the relevant applicable laws. The Board will have the discretion to retain the Directors and KMP in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the applicable laws.

9. REMUNERATION

Guiding Principles

i. The terms of employment and remuneration of Managing Director, Whole-time Directors, KMPs, Directors and SMPs shall be in accordance with industry practices and applicable laws.

ii. The Remuneration Policy shall ensure that:

a. The level and composition of remuneration is reasonable, and meets appropriate performance benchmarks.
b. Remuneration package is linked to the achievement of corporate performance targets.

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iii. While determining the remuneration and incentives for the Managing Director/Whole-time Directors, KMP's the following shall be considered:
    a. Performance of the individual.
    b. Company Performance.
    c. Financial condition of the Company.
    d. Average levels of compensation payable to employees in similar ranks and within the similar sector and/or industry.

REMUNERATION POLICY

A. MD / WTD

i. Remuneration to the Managing Director and Whole-time Director at the time of his / her appointment shall be proposed by the Committee and subsequently approved by the Board and the shareholders of the Company whenever required and shall not exceed the limits mentioned under applicable laws.
ii. Annual increments /subsequent variation in remuneration to the Managing Director and Whole-time Director shall be approved by the Committee / Board, within the overall limits approved by the shareholders of the Company
iii. Remuneration shall be evaluated annually or as determined by Board/Shareholders as per Company Performance.
iv. Total remuneration for the Managing Director and Whole-time Director shall be comprised of the following:
    a) Salary
    b) Perquisites;
    c) Other benefits

    Any increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be withing the limits approved by the shareholders and it shall be ensured that total remuneration payable to Managing Director and Whole-time Directors shall not exceed the limits mentioned under the applicable laws.

    d) Minimum remuneration to Whole-time Directors : If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act.

    e) *Provisions for excess remuneration:* If any Whole-time Director/ Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval required under the Act, he/ she

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shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the Company by Special Resolution within two years from the date the sum becomes refundable.

f) In the event any insurance is taken by the Company on behalf of its Directors, KMP and/or SMP for the purposes of indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to such personnel; provided that if such person is proved guilty, the premium paid on such insurance shall be treated as part of the remuneration.

i. **Non-Executive Directors / Independent Directors** Non-Executive Directors/Independent Directors shall be entitled to such sitting fees/other remuneration as may be decided by the Board from time to time for attending the meeting of the Board and of the Committee thereof.

ii. Independent Directors shall not be eligible for any stock options, pursuant to any stock option plan adopted by the Company.

iii. Non-Executive Directors shall be eligible for remuneration of such professional services rendered if in the opinion of the Committee, the Non- Executive Director possesses the requisite qualification for rendering such professional services in accordance with applicable laws.

10. DISSEMINATION OF POLICY

This Policy shall also be posted on the website of the Company and a web link thereto shall be provided in its Annual Report. The Company shall disclose in the Board's report, remuneration and such other details as may be prescribed under the applicable provisions of the Act and the rules framed thereunder.

11. AMENDMENTS TO THE POLICY

The Board may amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with applicable law on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued under applicable law on the subject as may be issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail.

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This policy shall be reviewed by the Nomination and Remuneration Committee periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board for their approval.

ANIRUDH BHUWALKA

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