

Mahindra CIE Automotive Limited

Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Employees and Succession Planning

Name of the Document	Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Employees and Succession Planning
Approving Authority	Board of Directors
Date of last amendment	21 st July, 2020

Contents

Contents.....01-01

Introduction.....02-02

Definitions.....02-02

Appointment of Directors.....03-04

Removal of Directors.....04-04

Appointment of KMP and Senior Management Employees.....04-04

Succession planning.....04-06

POLICY ON APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES AND SUCCESSION PLANNING

I. Introduction

Pursuant to Section 178 of the Companies Act, 2013 and rules made thereunder the Company has formulated this Policy for appointment of Directors, Key Managerial Personnel and Senior Management Employees and their succession planning.

II. DEFINITIONS

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

- a) **“Board”** means Board of Directors of Mahindra CIE Automotive Limited.
- b) **“Company”** means Mahindra CIE Automotive Limited.
- c) **“Committee(s)”** means Committees of the Board for the time being in force.
- d) **“Employee”** means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.
- e) **“HR’** means the Human Resource Department of respective divisions/plants of the Company, as the context may require.
- f) **“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); or Manager; or Whole time Director (WTD)
 - ii. Chief Financial Officer (CFO);
 - iii. Company Secretary (CS);and
 - iv. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.
- g) **“Nomination and Remuneration Committee” (NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.
- h) **“Senior Management Employee”** shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

III. APPOINTMENT OF DIRECTORS

Subject to the provisions of Companies Act, 2013, SEBI (LODR) Regulations, 2015 and Articles of Association of the Company, the NRC shall review and assesses Board composition and recommends the appointment of new Directors.

1. In evaluating the suitability of individual as Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of the proposed candidate. The Board appointments will be based on merit. The proposed candidate(s) should be a person of integrity and have requisite qualification, experience (including the proficiency in case of Independent Director) and possess relevant skills/expertise/competencies, as identified by the Board of Directors in the context of Company's business(es) and sector(s), for the Board as whole to function effectively:

Sr. No	Skill / expertise / competencies	Particulars
1	Strategy and Planning	Review and Monitor Strategy & Succession Plan to ensure long term sustainable growth
2	Leadership	Leadership Skill to ensure effective guidance to and monitoring of the management and to set a corporate culture and the values by which executives throughout the group should behave.
3	Financial Discipline and Risk Oversight	Understanding of Financial Management, Financial Reporting Process and Financial & Operational controls. Ensuring focus on returns
		Understand and Oversee internal and external risks associated with the Business and to put in place appropriate policies and procedures to effectively manage such risks.
4	Manufacturing Excellence and Technology	Understanding the manufacturing processes and optimizing the same.
		Anticipate Technological Trends and creating new business models.
5	Mergers and Acquisition	creating and enhancing shareholders value through acquisitions and other business combinations with ability to assess fit of the target with Company's Strategy and Culture, Valuations, Integration Process.
6	Governance and Regulatory Oversight	Monitoring the system for ensuring compliance with all applicable laws to the Company and review the effectiveness of such system
		Reviewing governance practices and policies to ensure high ethical standards, to safeguard the interests of all stakeholders while ensuring right balance of conflicting interest of the stakeholders.

2. Ability of the candidate to devote sufficient time and attention to perform his duties as Director of the Company for informed and balanced decision making.

3. In case of Independent Director, the proposed candidate should meet the criteria of Independence as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and should be able to discharge his duties with an objective independent judgment and without any external influence.
4. The proposed candidate should not have suffered any dis-qualification or debarred from holding position of director under Applicable Laws to the Company.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

IV. REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as prescribed Applicable Laws to the Company 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 subject to the compliance of the applicable statutory provisions.

V. APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

NRC will identify persons who are qualified to become directors and who may be appointed in the Senior Management (Key Managerial Personnel or Senior Management Employee) in accordance with the criteria laid down which includes the qualification, skills and experience of the candidate for the responsibility the position shall carry.

Key Managerial Personnel or Senior Management Employee are to be appointed or promoted and removed by the Board of Directors based on recommendation of the NRC, based on the business need and the suitability of the candidate.

VI. SUCCESSION PLANNING:

Purpose:

The succession Plan sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company.

Board:

The successors for the Independent Directors shall be identified by NRC at least one quarter before the expiry of their scheduled term. In case of separation of Independent Director due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will give due consideration for the expertise and other criteria required for the successor and submit its recommendations to the Board.

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

Senior Management Personnel:

The succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

The Company will identify Hi-pots and critical positions. Successors will be mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years

in order to ensure talent readiness as per a ladder approach.

Policy Statement

The Talent Management framework of MCIE should address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework should lay down an architecture and processes to address these questions using the 3E approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 15% weightage
- c) **Education** i.e. learning and development initiatives – 15% weightage

The Talent Management process is applicable to all employees.
