

# **Mahindra CIE Automotive Limited**

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

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| <b>Name of the Document</b>   | Policy on Appointment of Directors, Key Managerial Personnel and Senior Management and Succession Planning |
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## **POLICY ON APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT AND SUCCESSION PLANNING**

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### **I. Introduction**

Pursuant to Section 178 of the Companies Act, 2013 (the Act), rules made thereunder and Regulation 17 and 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended and other applicable legal provisions, the Company has formulated this Policy for appointment of Directors, Key Managerial Personnel and Senior Management 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.-
- e) **"HR"** means the Human Resource Department of respective divisions/plants/offices of the Company, as the context may require.
- f) **"Key Managerial Personnel"** or **"KMP"** shall have same meaning as assigned in Section 2(51) of the Act.

In line with the said definition, the KMP of the Company shall include the followings:

- i. **Whole time Directors (WTDs)-designated as Executive Director;**
  - ii. **Chief Executive Officer of a business division (CEOs);**
  - iii. **The Chief Financial Officer (CFO); and**
  - iv. **The Company Secretary (CS)**
- g) **"Nomination and Remuneration Committee" or "NRC"** means Nomination and Remuneration Committee of Board of Directors of the Company constituted under section 178 of the Act and Regulation 19 of the Listing Regulations.
  - h) **"Senior Management"** shall have same meaning as assigned to it in Section 178 of the Act and Regulation 16 of the Listing Regulations.

In line with said the definition, the Senior Management shall include the Chief Executive Officer of business divisions of the Company, the Chief Financial Officer, the Chief Business Controller, the Chief Investor Relations Officer and the Head of Strategy, the Company Secretary and an employee appointed at the Grade L2S & above.

All other words or expressions used but not defined in this Policy but defined in the Companies Act, 2013 (the Act), Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) shall have the same meaning as respectively assigned to them in the Act, Rules or Listing Regulations or any statutory modification or re-enactment thereof.

### 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, based on the following criteria:

1.
  - a. In evaluating the suitability of individual as Board member, the NRC shall take into account qualifications, positive attributes and independence of the proposed candidate.
  - b. The Board appointments will be based on merit.
  - c. 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 as provided in **Exhibit A** to this policy.
  - d. 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.
  - e. 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.
  - f. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board as per Exhibit A 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:

- i. use the services of an external agencies, if required;
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - iii. consider the time commitments of the candidates.
2. The proposed candidate should not have suffered any dis-qualification or debarred from holding position of director under Applicable Laws to the Company.
3. In addition to the above criteria, the NRC may refer the Board Diversity Policy as provided in **Exhibit B** to this Policy.

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 by 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 shall identify persons who are qualified to become directors in accordance with the criteria laid down hereinabove and who may be appointed in the Senior Management of the Company and recommend to the Board their appointment and removal.

Every Key Managerial Personnel shall be appointed or removed by the Board of Directors of the Company on recommendation of the NRC.

#### **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 or three months from the date of such vacancy wherever required.

The successors for the Executive Director(s) may 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:**

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.

\*\*\*\*\*

## Exhibit A

| 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.        |



## Exhibit B

### Board Diversity Policy

#### **PURPOSE**

The Board Diversity Policy ('the Policy') sets out the approach to diversity on the Board.

#### **APPLICABILITY**

This policy applies exclusively to the composition of Board of Directors of the Company.

#### **POLICY STATEMENT**

The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination.

In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to gender, age, cultural, national origin or ancestry, marital status, tenure, diversity of thoughts, educational background, professional experience, skills, knowledge, length of service, experience in finance, accounting, economics, legal and regulatory matters, corporate governance, the environment, technologies, operations of the MCIE's businesses and other disciplines related to the MCIE's businesses, geographical experience & expertise,

#### **ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE**

The NRC, inter alia, is responsible for reviewing and assessing the composition of the Board as well as for identifying and recommending appropriately qualified candidature(s), to hold Directorship in the Company, to the Board of Directors where and if need be and shall take into consideration the above factors while recommending candidature of any person as Director.

The NRC shall review the policy from time to time, to ensure the effectiveness of the Policy. The Committee shall discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

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**Annexure**

## Version History

| <b>Version</b> | <b>Date of amendment</b>     | <b>Change &amp; Reason for change</b>   |
|----------------|------------------------------|---|
| Version 1      | 27 <sup>th</sup> March, 2015 | The policy was formulated pursuant to the amendment in Clause 49 (IV) of Listing Agreement vide SEBI Circular dated 17 <sup>th</sup> April, 2014 effective from 1 <sup>st</sup> October, 2014 which inter-alia includes Board Succession Plan and Board Evaluation Process. |
| Version 2      | 11 <sup>th</sup> May, 2015   | The policy on appointment of Directors and Senior management personnel was approved and formed part of this policy  |
| Version 3      | 21 <sup>st</sup> July, 2020  | The Policy was amended inter alia, to align it with the amendments in Listing Regulations and the Act.  |
| Version 4      | 25 <sup>th</sup> April, 2023 | The Policy was reviewed as per the policy review cycle and amendments were made inter-alia to bring more clarity in alignment with provisions in SEBI (LODR) Regulations, 2015 and also to merge Board Diversity Policy in this Policy.                                     |