

GOVERNANCE POLICIES FOR BOARD OF DIRECTORS, APPOINTMENTS, REMUNERATION & EVALUATION

1. OBJECTIVE

As a measure of good Corporate Governance and in compliance with the provisions of Section 178 of Companies Act 2013 read with the applicable Rules thereunder, following policies are formulated:

- 1.1 Policy on Appointment and removal of Directors
- 1.2 Policy on Remuneration to the Directors, and other Employees
- 1.3 Policy on Evaluation of performance of the Independent Directors of the Board

2. DEFINITIONS

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

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

“**Company**” means the Tech Mahindra Business Services Limited

“**Committee(s)**” means Committees of the Board as may be formed in accordance with the applicable provisions of the Companies Act, 2013.

“**Employee**” means employee of the Company whether employed in India or outside India of the Company.

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

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company as may be formed in accordance with the applicable provisions of the Companies Act, 2013.

3. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS.

3.1 Directors

- The NRC determines the criteria for appointment to the Board and is vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of individual Board member, the NRC will take into account multiple factors, including general understanding of the business, education, professional background, personal achievements, professional ethics and integrity.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made there under.

3.2 Removal of Board of Directors

- If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder 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.

4. REMUNERATION TO DIRECTORS & OTHER EMPLOYEES:

4.1 Directors:

- The NRC shall decide the basis for determining the compensation, both Fixed and variable, to the Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various 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 their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Directors within the overall limits specified in the Shareholders resolution.

4.2 Remuneration to Other Employees

- The Company follows an extensive performance management system to review the performance of the employees and provide rewards on the basis of meritocracy.
- 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 increasing hierarchy levels, as the Company believes employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements :
 - Performance
 - Potential
 - Criticality
 - Longevity in grade

- Remuneration for the new employees will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.
- Mr. Anil Rander CFO shall make a presentation to the NRC on the proposed annual increments based on the performance of the company, general trends in the Industry, the annual performance appraisal process of the employees conducted by the Human Resources department during the financial year, etc. Eligible employees will be rewarded with the annual increment.

5. FRAMEWORK FOR PERFORMANCE EVALUATION OF THE INDEPENDENT DIRECTORS OF BOARD:

5.1 Process for Performance Evaluation of Independent Directors

- The Chairman will carry out performance evaluation of Independent directors through peer evaluation of each Independent director.
- 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, attentive to the internal controls mechanism, and ethical conduct issues as the evaluation criteria.
- In the first week of April of each year, each Board member will get evaluation form as given in **Annexure – I** for each of their colleagues on the Board except to the independent director whose is being evaluated. Each Board member will complete evaluation. For example, if there are 2 Independent Directors, each Board member will complete evaluation of both independent directors and one Independent director will complete evaluation of other Independent Director. Board member does not have to disclose his/her name on the evaluation form.
- During the first Board meeting of the financial year, separate envelopes indicating name of each Board Member will be circulated in which each Board member will place the completed evaluation sheet of the assessed member in their respective envelope.
- Once all the evaluation forms are placed in designated envelopes, each Independent Director will be handed over their respective envelope and will have the opportunity to go through their own peer evaluation scores during the meeting itself.
- After going through their respective evaluation scores by their peers, the members will hand over their envelope to the Board chairperson during that meeting.
- Subsequently, the Board chairperson, will go through the contents of the envelope, and if necessary, will meet with each Independent Director individually as part of the evaluation process to identify and discuss the outcome. The separate envelopes containing peer evaluation forms for each Independent Director will remain with the Board chairperson and will be kept confidential.

- The NRC/Board on the basis of evaluation scores of the concerned member shared by the Chairperson of the board at the relevant time shall decide on the extension or continuation of the term of the Independent Director. In case of the upcoming reappointment of any of the NRC member, the concerned member will not participate and others on the committee will be given access to all the available forms of the concerned member as detailed above to continue with the recommendation process.

6. AMENDMENT

The 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 Form at any time during the year with the objective of seeking more inputs from the Individual Directors.

Annexure I

Performance Evaluation of Independent Director(s) - Peer Evaluation Form

Each Board Member is to rate the following statements in relation to his/her assessment of their colleague as a Board member during the last financial year. Please place ✓ in the appropriate box next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have. Please note, you do not mention your name on the form to keep the process confidential.

Name of Board Member to be assessed _____

Evaluate the following statements in relation to your assessment of your colleague as a Board Member of the Company		Rating Scale				
		1	2	3	4	5
1	Knowledge of key areas					
2	Diligence and preparedness					
3	Effective interaction with others					
4	Constructive contribution to discussion and strategy					
5	Concern for stakeholders					
6	Concern for working of internal controls					

5 = Outstanding, exceptional contribution
 4 = Above expectation
 3 = Satisfactory
 2 = Some improvement required
 1 = Unsatisfactory contribution to the Board

Please provide below any additional comments or suggestions which you believe would help improve the Board's function.

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