

**THE TATA POWER COMPANY LIMITED****Charter of the Nomination and Remuneration Committee****1. Principles and Objectives**

The Nomination and Remuneration Committee ("committee") of the Board of directors ("Board") of The Tata Power Company Limited ("company") will report to the Board and shall support the Board in matters related to:

- Setup and composition of the Board, its committees and the leadership team of the company comprising Key Managerial Personnel ["KMP" as defined by the Companies Act, 2013 (the Act)] and Senior Management, as defined by the Board.
- Evaluation of performance of the Board, its committees and individual directors.
- Remuneration for directors, KMPs, Senior Management and other employees.
- Oversight of the familiarisation programme of directors.
- Oversight of the HR philosophy, HR and People strategy and key HR practices and policies.

**2. Composition**

- 2.1. The committee shall comprise three or more non-executive directors out of which not less than one-half shall be independent directors.
- 2.2. The Chairman of the Board (whether executive or non-executive) may be appointed as a member of the committee but shall not chair the committee.
- 2.3. The Chairman of the committee shall be an independent director, from amongst the members of the committee.
- 2.4. The Chief Human Resource Officer (CHRO) of the company shall assist the committee and may attend the meetings of the committee, on invitation.
- 2.5. The Company Secretary of the Company shall act as the secretary to the committee and will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting. Tata Group CHRO shall attend the meetings of the committee on invitation.

**3. Meetings**

- 3.1. The committee may establish an Annual Work Plan ("AWP") for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 3.2. The committee shall meet at least once in a year. It is, however, recommended that the committee meet at least 3 to 4 times during the year.
- 3.3. The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one independent director in attendance.

**4. Authority and Power**

- 4.1. The committee shall have the power to:
  - 4.1.1 Investigate any matter within the scope of this charter or as referred to it by the Board.
  - 4.1.2 Seek any information or explanation from any employee or director of the company.
  - 4.1.3 Invite Senior Management or other executives, as it considers appropriate to be present at the meetings of the committee.
  - 4.1.4 Ask for any records or documents of the company.
  - 4.1.5 The committee shall coordinate with other committees to the extent that its work has a bearing on their scope of work.
- 4.2. The committee may also engage (at the expense of the company) independent consultants and other advisors and seek their advice on matters related to discharge of their responsibilities.

**5. Responsibilities**

The responsibilities of the committee shall include the following:

- 5.1. Board Composition and Succession related:
- 5.1.1 Recommend to the Board the setup and composition of the Board. This shall include “*Formulation of the criteria for determining qualifications, positive attributes and independence of a director*”. This also includes periodical review of composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- 5.1.2 Support the Board in matters related to the setup, review and refresh of the committees.
- 5.1.3 Devise a policy on Board diversity.
- 5.1.4 Identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria, and recommend to the Board of directors their appointment and removal. The committee shall consider and recommend the appointment of the Chief Financial Officer (“CFO”) to the Audit Committee and the Board. For the purpose of identification of prospective directors, the committee may be supported by Tata Group CHRO.
- 5.1.5 As NRC of the parent/ holding company may recommend to the Board how the company will vote on resolutions for appointment of directors on the Boards of its material Indian subsidiary companies<sup>1</sup>.
- 5.2. Evaluation related:
- 5.2.1 Shall specify the manner and criteria for effective evaluation of performance of the Board, its committees and individual directors including independent directors and support the Board and independent directors, as may be required, in the evaluation process. The Committee shall also review its implementation and compliance.
- 5.2.2 Oversee the performance review process for the KMP and Senior Management with the view that there is an appropriate cascading of goals and targets across the company.
- 5.2.3 Recommend to Board as to whether to extend or continue the term of appointment of the independent director, inter alia, on the basis of the report of performance evaluation of independent Directors.
- 5.3. Remuneration related:
- 5.3.1 Recommend the remuneration policy for the directors, KMPs, Senior Management and other employees. This includes review and recommendation of the design of annual and long term incentive plan (includes deferred payment plans, equity plans, etc.) for managing director (“MD”) / executive directors (“ED”), KMP and the Senior Management. While formulating such a policy the committee shall ensure that
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, KMPs and Senior Management involves a balance between fixed and performance-based pay reflecting short and long term performance objectives appropriate to the working of the company and its goals
- 5.3.2 On an annual basis, recommend to the Board, all remuneration, in whatever form, payable to directors, KMPs and Senior Management of the company. This includes review and recommendation of actual payment of annual and long-term incentives for MD/ EDs, KMPs and Senior Management.
- 5.3.3 Review matters related to remuneration and benefits payable upon retirement and severance to MD/ EDs, KMP and Senior Management.
- 5.3.4 Review matters related to voluntary retirement and early separation schemes for the company.
- 5.3.5 Recommend the justification & rationale to be provided relating to remuneration and performance for the purpose of disclosures under the Act and SEBI LODR. Provide guidelines for remuneration of directors on material subsidiaries<sup>1</sup>.

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<sup>1</sup> In this document, the term “material subsidiary” shall have the same meaning assigned to this phrase under the applicable law. However, if the law does not prescribe any definition, then, a subsidiary shall be considered as material if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.

- 5.3.6 As NRC of the parent/ holding company may recommend to the Board how the company will vote on resolutions for remuneration of directors on the Boards of its Indian material subsidiary companies.
- 5.3.7 Assist the Board in fulfilling its corporate governance responsibilities relating to remuneration of Board, KMPs and Senior Management members.  
This includes review and approval of any information related to directors, KMP, Senior Management and their remuneration to be presented in the annual report or other external communications (statutory or otherwise).
- 5.4. Board Development related:  
Oversee familiarization programmes for directors.
- 5.5. Review of HR Strategy, Philosophy and Practices:
- 5.5.1 Review HR and People strategy and its alignment with the business strategy periodically or when a change is made to either.
- 5.5.2 Review the efficacy of HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and Senior Management).
- 5.6. Attendance at General Meetings:  
The Chairperson of the Committee shall be present at the General Meetings, to answer the queries of security holders. However, it shall be up to the Chairperson to decide who shall answer the queries.
- 5.7. Share Based Employee Benefits and Sweat Equity:
- 5.7.1 Oversee the implementation of the share-based employee benefits scheme by whatever name called as per Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, within the terms and conditions of the said plan(s); and perform the function of overall superintendence of the plan(s);
- 5.7.2 To review the Company's share-based incentive-based plans and recommend changes as necessary, oversee administration of these plans, grant incentives to eligible employees, in consultation with management, and allot shares when options are exercised;
- 5.7.3 Any other matter as deemed necessary or incidental for the purpose of administration of the share based incentive plan.
- 5.8. Other functions:  
Perform other activities related to the charter as requested by the Board from time to time.
6. **Reporting**
- 6.1 The committee will periodically report to the Board on various matters that it has considered.
- 6.2 In the matters where the Board does not accept any recommendation of the Committee, which is mandatorily required to be approved by the Board, the fact of the same to be disclosed in the Corporate Governance Report of the relevant financial year, along with reasons thereof.
7. **Evaluation**
- 7.1 The committee shall undergo an annual self-evaluation of its performance and report the result to the Board. Indicative areas for evaluation as part of this exercise include:
- Mandate and composition of the Committee
  - Effectiveness of the committee
  - Structure of the committee and meetings
  - Independence of the committee from the Board
  - Contribution to decisions of the Board

**8. Review of Charter**

The adequacy of this charter shall be reviewed and reassessed by the committee, periodically and appropriate recommendations shall be made to the Board to update the charter based on the changes that may be brought about due to any changes in regulatory framework or otherwise.

**9. Subsidiary Companies**

Subsidiary companies of the company shall also form Nomination and Remuneration Committee, as applicable under law. The committee shall share with subsidiary companies of the company such policies and practices as would enable the Boards and the NRCs of those companies to harmonize their policies and practices with those of the parent company. If required, it shall also provide any assistance that such subsidiaries may require.