

Siemens Limited

Framework for Board Membership and Remuneration related

[Pursuant to Section 178 of the Companies Act, 2013 (“Act”) and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015]]

Board Membership

The Board of Directors (“Board”) evaluates its composition to ensure that the Board has the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. The criteria has been defined for identifying, determining positive attributes and recommending candidates as a Director on the Board. The appointments to the Board [as recommended by the Nomination and Remuneration Committee (“NRC”)] is considered taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience. The Board Members should, at a minimum, have background that when combined provide a portfolio of experience and knowledge that will serve Siemens’s governance and strategic needs. Directors should have demonstrated experience and ability that is relevant to the Board of the Directors’ oversight role with respect to Siemens business and affairs. The Board Members, generally, will be expected to have – (a) Experience in dealing with strategic issues and long-term perspectives; (b) Leadership experience, a superior knowledge of business principles and capacity for independent thought; (c) An ability to participate constructively in deliberations; and (d) Willingness to take the necessary time to properly prepare for board and committee meetings. Additionally, the Independent Directors are required to comply with the “independence criteria” as prescribed.

Remuneration Policy

The Policy is performance driven and structured to motivate, recognize merits, achievements and promote excellence in performance. Compensation benchmarking is undertaken from time to time for designing an effective and externally competitive Compensation structure that helps to attract, retain and motivate Directors / Key Managerial Personnel / Senior Management / other employees of the Company in a highly competitive environment.

For Whole-time Directors

The Board / NRC decide the remuneration of the Whole-time Directors, subject to the approval of the Members and Central Government, if required. The remuneration structure includes but may not be limited to Salary, Allowances, Perquisites, Retirement benefits as per the law / rules, Performance Linked Incentive (PLI), Commission and entitlement to participate in the Equity based compensation programs of Siemens AG, Germany / Siemens Ltd., as applicable from time to time. Annual increments are decided by the NRC within the salary package approved by the Members.

In addition to the above remuneration, Expatriate Directors are paid Overseas Allowance / Special Allowance and certain other Perquisites as per the Rules of the Company. PLI, benefit under the Equity based compensation programs of Siemens AG / Siemens Ltd. and

Commission constitute the variable component of remuneration. PLI is computed on the basis of specific targets set for every year. PLI is paid to the Whole-time Directors on achievement of the said targets. Commission is determined on the basis of the Net Profits of the Company in a particular Financial Year, subject to the overall ceiling as stipulated in Section 197 of the Act.

For Non-executive Directors

The Non-executive Directors are paid remuneration by way of Sitting Fees and Commission subject to overall limit as prescribed in the Act and Rules framed thereunder and the approval of the Members, as may be applicable.

The Board of Directors approves the quantum of sitting fees to be paid to the Non-executive Directors for attending all Board and Committee Meetings. The Board, based on recommendation of NRC, also approves the commission payable to Non-executive Directors on the basis of the following criteria:

- Number of Board / Committee Meetings attended
- Role and responsibility as Chairman / Member of the Board / Committee
- Overall contribution

For Senior Management and other employees

The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture.

The key components of the remuneration comprises of Base Salary (which includes Basic salary and Allowances), Perquisites, Retirals (PF, Gratuity, Superannuation), Performance Pay, if any (varies from position to position), Long Term Incentives and entitlement to participate in the equity based compensation programs of Siemens AG, Germany / Siemens Ltd., as applicable from time to time. Variable compensation is an integral part of our total reward package and is directly linked to business performance as applicable from time to time.

The increase in remuneration is based on Company's market competitiveness in the comparator group as well as overall business affordability. The annual increments are linked to their overall performance in line with the framework approved by the Company.
