

NOMINATION & REMUNERATION POLICY

I. Objectives of the Policy

- a) This Policy is formulated by Nomination and Remuneration Committee (hereinafter referred to as “Committee”) and it is aimed to attract and retain the best talents by ensuring a fair, transparent and equitable remuneration to the senior management and Directors including Independent Directors, based *inter alia* on individual job requirements, responsibilities, commensurate qualifications of individuals, past experience, the performance of ESAB India Limited (hereinafter referred to as “Company”) and the performance / contribution of the individual employee. The policy enables a framework that allows for fair rewards for the achievement of key deliverables, in line with industry and Group practice.
- b) The Company follows a compensation mix of fixed and performance linked variable pay. Individual performance pay is measured through a structured and transparent appraisal process.

II. Scope of the Policy

This Policy extends to Managing Director, Executive Director, Whole-time Director, Non-Executive Director, Independent Director, Key Managerial Personnel and Senior Management personnel as defined in the Companies Act 2013 and SEBI (LODR) Regulations 2015 from time to time.

III. Managing Director (MD) / Executive Director (ED) / Whole-time Director (WTD)

- a) When determining the remuneration for the MD / ED / WTD, the Company will take into account the market sector that it operates, business performance and the practices in other comparable Companies including global companies when appropriate.
- b) The Company pays remuneration by way of Salary, Perquisites and performance linked variable pay to its MD / ED / WTD, within the overall ceiling limits approved by the Shareholders of the Company, subject to the provisions of the Companies Act, 2013. The Committee recommends the performance linked variable pay, payable to the MD / ED/ WTD based on the profits for the financial year and as per the policy of the Group, based on the performance of the Company as well as that of the MD / ED / WTD and as prescribed under the Companies Act and within overall limits approved by the shareholders for MD/ED/WTD. The Board of Directors approves the variable pay payable for the year based on the recommendations of the Committee.
- c) The Company also extends other perquisites to MD/ED/WTD as is applicable to the Senior Management Personnel of the Company and as per the Policy of the Company as may be approved by the Committee / Board of Directors from time to time.

IV. Non-Executive & Independent Directors

- a) The Committee shall evaluate the balance of skills, knowledge and their experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.
- b) The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in the list of description provided by the Committee.
- c) For the purpose of identifying suitable candidates for Independent Director, the Committee may:

- i) Consider candidates from a wide range of backgrounds, having due regard to diversity;
 - ii) Consider the time commitments of the candidates; and
 - iii) Use the services of an external agencies, if required. From the list of empanelled agencies with the Company.
- d) The Committee shall formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
- e) The Management of the Company will support and assist the Committee by identifying and providing the suitable candidate profiles for review and recommendation of the Committee.
- f) The Chief Financial Officer, Company Secretary and HR Head of the Company will assist the Committee for discharging the Committee's responsibilities as mentioned from clauses III (a) to (e) above.

V. Sitting fee & Commission

- a) The sitting fees for attending the meetings of the Board & Committees thereof is allowed to the Independent Directors. The Board of Directors will determine the sitting fee from time to time within the limits and provisions of the Companies Act, 2013.
- b) The payment of Commission to Non-Executive Directors is allowed within the overall ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act. The payment of commission for any financial year is decided by the Board of Directors based on and guided by varying commitments of time, contribution and participation in various Committees.

VI. Key Managerial Personnel (KMP) & Senior Management (SM)

- a) KMP as defined in the Companies Act, includes the Chief Financial Officer and the Company Secretary. The Senior Management shall mean the officers and personnel of the Company who are members of its core management team and shall comprise all the members of the management one level below CEO or MD or WTD and shall include the functional heads.
- b) When determining the remuneration for the KMP/SM, the Company will take into account the market sector that it operates, business performance and the practices in other comparable Companies including global companies when appropriate.
- c) The Compensation package to the KMPs and the SM personnel will comprise:
 - ✓ Salary and applicable allowances. The annual salary revision for members of the KMPs and SM personnel will be subject to review and recommendation by the Committee and approval by the Board.
 - ✓ A performance linked variable pay, based on the performance of the Company and the concerned individual, within the ESAB Group's overall Policy on variable pay.
 - ✓ Applicable Perquisites based on HR policies.
 - ✓ Pension and other retiral benefits in accordance with the relevant statutes.
 - ✓ Any other perquisite in accordance with the Policy of the Company and as approved by the Committee / Board of Directors, from time to time.

The Chief Financial Officer, Company Secretary and HR Head are responsible for effective implementation of this Policy.

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