



CHARTER OF NOMINATION AND REMUNERATION COMMITTEE

I. Objective:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the relevant rules made thereunder and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations, 2015"), the Board of Directors of Bajaj Auto Limited ("the Company") have constituted a Nomination and Remuneration Committee ("the Committee").

The objective of this Charter is to provide for the structure, responsibilities and functions of the Committee in conformity with the provisions of the Companies Act, 2013, the Listing Regulations, 2015 and any other applicable laws, including any amendments thereto from time to time.

In view of the significant role played by the Committee in enhancing board effectiveness, this Charter essentially covers the following elements:

- Composition;
- Meetings and Quorum;
- Terms of Reference.

II. Composition:

The Committee shall be constituted / reconstituted by the Board of Directors. It shall comprise of three or more Non – Executive Directors as members with at least two-thirds of the members being the Independent Directors. The Chairman of the Committee shall be an Independent Director.

Further, the Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Committee, however he shall not Chair the Committee.

The Company Secretary shall be the secretary to the Committee.

III. Meetings and Quorum:

The Committee shall meet at least once in a financial year.

The quorum required for the meeting of the Committee shall be two members or one-third of the total number of members of the Committee, whichever is higher, with at least one Independent Director in attendance.

The Chairman of the Committee shall be present at the Annual General Meeting of the Company to answer shareholder queries.

IV. Terms of Reference:

In terms of the provisions of Section 178 of the Companies Act, 2013 read with the relevant rules made thereunder and Regulation 19 read with Schedule II of the Listing Regulations, 2015, the role, functions and terms of reference of the Committee are as under:

Appointment & Re-appointment of Directors & Senior Management:

- 1) To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 2) To devise a policy on diversity of the Board of Directors.
- 3) To identify the persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- 4) For every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board of Directors 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 of Directors for appointment as an Independent Director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Committee may:

- a) consider candidates from a wide range of backgrounds, having due regard to diversity;
 - b) consider the time commitments of the candidates;
 - c) use the services of external agencies, if required.
- 5) To consider whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Director.

Performance evaluation:

- 6) To formulate criteria / manner for effective evaluation of performance of the Board of Directors, its Committees and individual Directors to be carried out either by the Committee or the Board or by an independent external agency and review its implementation and compliance.

- 7) To undertake the annual performance assessment of the Key Managerial Personnel and other Senior Management employees.

Compensation:

- 8) To recommend to the Board of Directors the remuneration policy for the Directors, Key Managerial Personnel and other employees.

The Committee shall ensure the following while formulating the said policy:

- a) 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;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - c) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed pay and performance incentive reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- 9) To recommend to the Board of Directors, all remuneration, in whatever form, payable to Senior Management.
 - 10) To review and recommend to the Board of Directors the revision in the remuneration to be paid to the Managing Director & CEO and the Executive Director(s) based on their performance.

Compensation Committee:

- 11) To act as the Compensation Committee for administration of the employee stock option schemes and to perform such other functions in terms of the schemes or as may be required under the law or delegated by the Board of Directors, from time to time.

Others:

- 12) To carry out any other function(s) mandated by the Board of Directors, from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

V. General:

In case any provision of this Charter is contrary to or inconsistent with the provisions of the Companies Act, 2013, the Listing Regulations, 2015 and/or any other applicable law for the time being in force, the latter shall prevail.

Words and expressions used in this Charter, shall have the same meaning ascribed to them in the Companies Act, 2013, the Listing Regulations, 2015, the rules &

regulations made thereunder and/or any other law applicable to the Company for the time being in force.

VI. Dissemination of the Charter on the Company's website:

A copy of this Charter shall be hosted on the website of the Company.

VII. Review of the Charter:

This Charter shall be reviewed by the Committee on a periodic basis and appropriate changes due to any regulatory amendments or otherwise, if any, shall be recommended to the Board of Directors for its consideration and approval.

(Version No. 1)

(Copy for dissemination on the Company's website.)