

## **NOMINATION & REMUNERATION POLICY**

### **INTRODUCTION**

The Policy on Nomination & Remuneration of Directors of the Company, Key Managerial Personnel and Senior Management Personnel has been formulated in pursuance of the Section 178 of Companies Act, 2013, by the Nomination & Remuneration Committee and approved by the Board of Directors.

### **DEFINITIONS**

1. Joint Venture Agreement means an agreement entered into by Godrej & Boyce Mfg. Co. Ltd. with Efacec Automacao & Robotica, S.A. (Now Consoveyo, S.A.) on 24<sup>th</sup> March 1988 and includes supplementary agreement dated 2<sup>nd</sup> November 2009 and Memorandum of Understanding dated 25<sup>th</sup> April 2015.
2. Joint Venture Partners means Godrej & Boyce Mfg. Co. Ltd and Koerber Supply Chain PT, S. A.
3. Group HR Policy means Policy framed by Godrej & Boyce Mfg. Co. Ltd.
4. Board means Board of Directors of the Company
5. Directors means Directors of the Company
6. Committee means Nomination & Remuneration Committee (NRC) of the Company as constituted or reconstituted by the Board
7. Company means Godrej Koerber Supply Chain Limited (Formerly Godrej Consoveyo Logistics Automation Limited (GKSC)
8. Independent Director means a director referred to in Section 149(6) of the Companies Act, 2013
9. Key Managerial Personnel (KMP) in relation to a company, means –
  - i). the Chief Executive Officer or the Managing Director or the Manager;
  - ii). the Company Secretary;
  - iii). the Whole-Time Director;
  - iv). the Chief Financial Officer;
  - v). Such other officer, not more than one level below the directors who are in whole-time employment, designated as key managerial personnel by the Board; and
  - vi). such other officer as may be prescribed
10. Senior Management Personnel (SMP) means Personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads appointed at E-Band Level as per the Group HR Policy.

## **APPLICABILITY**

This Nomination & Remuneration Policy (the Policy) shall apply to all Directors, SMP and KMP. The Policy shall be of guidance for the Board. Any departure from the Policy shall be recorded and reasoned in the Board Meeting.

## **OBJECTIVE AND PURPOSE OF THE POLICY**

The objective and purpose of the Policy are as given below:

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size, financial position, trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of Directors, as well as KMP and SMP.
4. To provide them rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term retention of talented managerial persons and create competitive advantage.

## **FUNCTIONS OF THE NOMINATION AND REMUNERATION**

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and SMP.

In the context of the aforesaid objectives, the Policy has been formulated and recommended by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 13<sup>th</sup> December, 2018.

### **The Policy is divided in two parts:**

Part-I covers the Nomination, Appointment and other terms & conditions; and Part-II covers Evaluation and Remuneration.

## **PART-I**

### **NOMINATION, APPOINTMENT AND OTHER TERM AND CONDITIONS OF DIRECTOR, KMP AND SMP**

#### **1. Nomination & Appointment**

##### **Directors**

The candidate for a position of Director is nominated by the respective Joint Venture Partner as per the provisions of the Joint Venture Agreement and appointed by the Board as per the applicable provisions of the Companies Act, 2013 and Rules and Regulation made thereunder.

##### **KM & SMP**

KMP and SMP are selected by the Group Corporate HR and the Director to whom the position reports into. The interview is targeted at assessing the candidate on his/her functional & leadership capabilities and cultural fitment to the organisation.

The selected candidate's details and the proposed compensation will be shared with the Committee for their review and consent. For KMP the same will be shared with the Board at the next board meeting for their approval, if required.

#### **2. Term/Tenure**

##### **Directors**

The tenure of Directors shall be governed by the Joint Venture Agreement.

##### **KM & SMP**

The tenure for other KMP and SMP will be governed by Group HR Policy.

#### **3. Removal**

##### **Directors**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee and the Board with reasons recorded in writing, remove a Director, subject to the provisions of the Companies Act, 2013, Rules and Regulations.

##### **KM & SMP**

Removal of KMP and SMP will be governed by Group HR Policy and subsequent approval of the Committee and Board, if required.

#### **4. Retirement**

##### **Directors**

The Director ceases as director of the Company on withdrawal of their nomination by the respective Joint Venture Partner.

##### **KM & SMP**

KMP and SMP shall retire as per the applicable provisions of the Companies act, 2013 and the prevailing policy of the Company. The Board will have discretion to retain the KMP and SMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **PART-II**

### **EVALUATION AND REMUNERATION OF THE DIRECTORS, KMP AND SMP**

#### **1. Evaluation**

**Evaluation of KMP and SMP:** The Performance of the KMP and SMP required to be evaluated at regular intervals (quarterly/half yearly/yearly) as per the Group HR Policy.

#### **2. REMUNERATION**

##### **Directors**

The Directors are the representatives of the Joint Venture Partners of the Company and are not paid any of remuneration in cash or kind. The Directors are also not paid Sitting Fees for attending the Board and other Committee Meetings.

##### **KMP and SMP**

The remuneration / compensation / commission etc. to the KMP and SMP will be determined in accordance with the Group HR Policy which is based upon final annual rating, employee potential and market benchmark compensation. The revised remuneration / compensation / commission is shared with the Committee for review.

The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders of the Company and Central Government, wherever required.

Where any insurance is taken by the Company on behalf of Directors, KMP and SMP for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

#### **DISCLOSURE OF INFORMATION**

Nomination & Remuneration Policy shall be placed on the website of the Company and the salient features of the policy and changes therein along with the web address of the policy shall be disclosed in the Board's report.