

GREENPANEL INDUSTRIES LIMITED

REMUNERATION POLICY

FRAMED UNDER SECTION 178 (3) OF COMPANIES ACT, 2013

I. INTERPRETATION CLAUSES

For the purposes of this Policy references to the following shall be construed as:

- “Applicable Law”** : Includes any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time
- “Company”** : Refers to the Greenpanel Industries Limited
- “Directors”** : Refers to the Chairperson and all whole-time Directors
- “Executives”** : Refers to the Directors, Key Managerial Personnel and Senior management
- “Key Managerial personnel”** : Refers to the Managing Director, Manager, Chief Executive Officer, Chief Financial Officer, Company Secretary and any such other officer as may be prescribed under Applicable Law
- “Nomination and Remuneration Committee”** : “the Committee” shall mean a Committee constituted by the Board of Directors as per the provisions of Section 178(1) of the Companies Act, 2013 and other applicable law or any amendment thereof.
- “Policy” or “this Policy”** shall mean the contents herein including any amendments made by the board of directors of the Company
- “Senior management”** : 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

II. SCOPE

- a) This Policy applies to all the “Executives” of the Company.
- b) In addition, this Policy also extends to the remuneration of Non-Executive Directors, including principles of selection of the Independent Directors of the Company.
- c) The Board of Directors has adopted the remuneration policy at the recommendation of the Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy and for changes made to existing employment agreements thereafter.
- d) In order to comply with local regulations, some entities and units within the Group may have remuneration policies and guidelines which shall apply in addition to the Group’s remuneration policy.

The Board of Directors of the Company may deviate from this Policy if there are explicit reasons to do so in an individual case. Deviations on elements of this remuneration policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be disclosed in the Annual Report or, in case of an appointment, in good time prior to the appointment of the individual.

III. PURPOSE

This Policy reflects the Company’s objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. This Policy will also help the Company to attain Board diversity and create a basis for succession planning. In addition, it is intended to ensure that–

- a) the Company is able to attract, develop and retain high-performing and motivated Executives in a competitive international market;
- b) the Executives are offered a competitive and market aligned remuneration package, with fixed salaries being a significant remuneration component, as permissible under the Applicable Law;
- c) Remuneration of the Executives are aligned with the Company’s business strategies, values, key priorities and goals as well as Individual targets and performances.

IV. GUIDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Company may attract and retain competent Executives. In determining the remuneration policy, the Committee ensures that a competitive remuneration package for all Executives is maintained and is also benchmarked with other multinational companies operating in national and global markets.

V. RESPONSIBILITIES AND POWERS OF THE COMMITTEE

The Committee, in addition to the functions and powers as endowed by its terms of reference, would be also responsible for –

- a) preparing the Board's decisions on issues concerning principles for remunerations (including pension and severance pay) and other terms of employment of Executives and Non-executive Directors;
- b) reviewing and recommending to the Board regarding share and share-price related incentive programs, if any, to be decided upon by the Annual General Meeting;
- c) formulating criteria of qualifications and positive attributes to assist the Company in identifying the eligible individuals for the office of Executives;
- d) monitoring and evaluating programs for variable remuneration, both ongoing and those that have ended during the year, for Executives and Non-executive Directors;
- e) monitoring and evaluating the application of this Policy;
- f) monitoring and evaluating current remuneration structures and levels in the Company;

VI. PRINCIPLES FOR SELECTION OF INDEPENDENT DIRECTORS

The nomination of the Independent Directors of the Company shall be in accordance with the principles as stated hereunder:

- (a) is a person of integrity and possesses relevant expertise and experience;
- (b) Is or was not a promoter of the company or its holding, subsidiary or associate company and not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) Has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, directors, amounting to two per cent, or more of its gross turnover or total income or fifty lacs rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) Neither himself nor any of his relatives –
 - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the company, or its holding, subsidiary or associate company in

any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of (a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or (b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) Is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the Company;
- (f) Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

VII. OVERALL CRITERIA FOR SELECTION OF EXECUTIVES

The assessment for Functional head will be done on the basis of below parameters by the concerned interview panel of the Company -

- a) Competencies:
 - Necessary skills (Leadership skill, communication skill, Managerial skills etc.)
 - Experiences & education to successfully complete the tasks.
 - Positive background reference check.
- b) Capabilities:
 - Suitable or fit for the task or role.
 - Potential for growth and the ability and willingness to take on more responsibility.
 - Intelligent & fast learner, Good Leader, Organiser & Administrator, Good Analytical skills Creative & Innovative.
- c) Compatibility:
 - Can get along with colleagues, existing and potential clients and partners.
 - Strong Interpersonal Skills.
 - Flexible & Adaptable.
- d) Commitment:
 - Candidate's seriousness about working for the long term
 - Vision & Aim
- e) Character:
 - Ethical, honest, team player

f) Culture:

- Fits with the Company's culture. (Every business has a culture or a way that people behave and interact with each other. Culture is based on certain values, expectations, policies and procedures that influence the behavior of a leader and employees. Employees who don't reflect a company's culture tend to be disruptive and difficult)
- Presentable & should be known for good social & corporate culture.

VIII. GENERAL POLICIES FOR REMUNERATION

The various remuneration components would be combined to ensure an appropriate and balanced remuneration package.

The five remuneration components are -

- fixed remuneration (including fixed supplements)
- performance-based remuneration (variable salary)
- pension schemes, where applicable
- other benefits in kind
- severance payment, where applicable

The *fixed remuneration* would be determined on the basis of the role and position of the individual, including professional experience, responsibility, job complexity and local market conditions.

The *performance-based remuneration* motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, and generates stakeholder value within the Group.

A. Any remuneration payable to the Executives of the Company shall abide by the following norms-

- i. The base salary shall be competitive and based on the individual Executive's key responsibilities and performance;
- ii. Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies. When first appointed, an Executive's base salary will usually be below the maximum function-related salary. Normally (and subject to the decision of the Committee), the base salary would reach the maximum function-related salary level over a maximum 3-year period from appointment. The annual review date for the base salary would be April 1;

Adjustment of individual salaries by the Committee is influenced by the (annual) adjustment, if any, of the function related salary levels and the progress to the (maximum) function-related salary level if this level has not yet been reached;

- iii. The Executives may receive variable pay in addition to fixed salaries;
- iv. The performance-based pay to the Executives (other than Directors), including revisions in fixed remuneration, if any, would be decided by the Head of Human Resources of the Company in consultation with the Managing Director of the Company, as and when necessary, and subject to Applicable law;
- v. The performance-based pay would be granted to reflect the Company's financial results, the performance of the business unit where the Executive is employed and also, the individual's performance. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board of Directors and may relate to inter alia operating income, operating margin or cash flow. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus. A discretionary assessment would always be ensured that other factors – including factors which are not directly measurable – have been considered;
- vi. The Board may, under specific circumstances, decide to reclaim the variable salary already paid or to cancel or limit or revise such variable salary to be paid to the Executives;
- vii. The Executives will be entitled to customary non-monetary benefits such as company cars, phone and such other fixed entitled benefits;
- viii. Pension contributions, if any, shall be made in accordance with applicable laws and employment agreements;
- ix. The Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India, may be offered pension benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans;
- x. A Director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law
- xi. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- xii. A Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report;
- xiii. The Annual Report would specify the Executive remuneration and would also state the general guidelines of the Policy;

B. Any fee/remuneration payable to the Non-Executive directors of the Company shall abide by the following norms –

- i. If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;
- ii. Such directors may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, as permissible under Applicable law;
- iii. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.
- iv. The annual report would specify the remuneration paid to the Non-Executive directors.

IX. NOTICE OF TERMINATION AND SEVERANCE PAY POLICY

- A. Save and except as provided in the terms and conditions of appointment, if the Executive resigns from the services of the company, the Executive will be required to give to the company notice as per his employment agreement or salary in lieu of such notice. Similarly, if the services of Executive are terminated by the Company, the Executive will be notice period as per his employment agreement or salary in lieu of such notice. For the purpose of severance pay, 'Salary' means basic salary of Executive.
- B. All the Non-Executive directors shall give notice of their resignation/ termination to the Company as per the applicable provisions of the Companies Act, 2013 and they will not be entitled to any severance pay from the Company.

POLICY REVIEW

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplication to the Applicable Law or as may be otherwise prescribed by the Committee / Board from time to time.

For and on behalf of Board of Directors

Banibrata Desarkar

Company Secretary

Date August 14, 2019

Place: Gurgaon