

Policy on variable pay / commission payable to Executive Directors including managing director

1. Introduction:

- a. This policy is known as Policy on payment of variable pay / commission payable to Executive Directors including Managing Director.
- b. This policy should be read along with GHCL's Nomination and Remuneration Policy as may be amended from time to time.

2. Maximum limit for payment of variable pay/ commission:

With reference to remuneration payable to the Managing Director and Whole time Directors, shareholders *have passed enabling resolution* under Section 196 and 197 of the Companies Act, 2013 and approved the overall remuneration (including the variable pay/ commission) upto 10% of the net profit of the company for the Managing Director and Whole time Directors. The shareholders have empowered Board of Directors to decide the annual increment and fixed the quantum of variable pay and profit linked commission with respect to each financial year on recommendation of the Nomination and Remuneration Committee.

The Board of Directors, in their meeting held on April 21, 2006, on recommendation of the Nomination and Remuneration Committee, had decided that the variable pay/ commission payable to the Managing Director and Whole time directors collectively **shall not exceed 4% of the net profit** of the company for such financial year for which the commission is payable.

The Nomination and Remuneration Committee has recommended to the Board that the variable part of the remuneration which is in the form of commission for the Managing Director and Whole time directors, **shall be gradually increased upto 4% of the net profit of the company, over of period of three to four years**. The Board of Directors accepted the recommendation of the committee in their meeting held on April 25, 2018.



3. Performance matrix for determining the variable pay/ commission for Executive directors including managing director

The Nomination and Remuneration committee while recommending the variable pay/ commission for Executive directors including the managing director shall consider *inter alia* the following:

- (a) Achieving growth and profitability targets;
- (b) Sustainability and ESG Targets - Health, Safety & Environment (HSE) score card;
- (c) Effective implementation of BRSR Principles and its annual targets;
- (d) Ensuring sustainable supply chain management and Vendor's Sustainability initiatives and Advancement of Customers Serviceability;
- (e) CSR projects targets and Beneficiaries' impact; and
- (f) Employees Great Place to Work score card and Learning organisation Initiatives

4. Four Pillars Strategy:

GHCL works on four pillars strategy of Growth, Governance, ESG & Sustainability, and making Learning organisation to achieve its vision i.e. ***"To grow our business responsibly, with governance, sustainability and core values as our foundation"***

The Nomination and Remuneration committee while recommending the variable pay / commission of whole time directors including managing director shall evaluate their performance keeping in view the effective implementation and achievement of target sets as mentioned in above paragraph.

In no circumstances the variable / commission payable to all Executive Directors including managing director shall exceed to 4% of the net profit of the company for any particular financial year.

5. Overall Maximum Cap on Remuneration

The maximum cap on remuneration including fair value of ESOP and others, variable pay, director's commission and fixed salary for the managing director would be Rs. 15 Cr per annum and for all the executive directors including managing director, collectively would be Rs. 30 Cr per annum.

Disclosure:

This policy should be read as a part of additional disclosure with respect to the total remuneration payable to the managing director and / or executive directors whose proposal for appointment / re-appointment and payment of their remuneration is placed before the Shareholders for their approval from time to time.

