



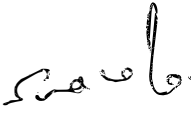
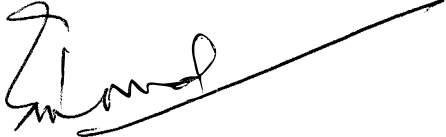
GOODYEAR INDIA LIMITED

NOMINATION AND REMUNERATION COMMITTEE ("NRC")

POLICY DOCUMENT

(Nomination Policy, Remuneration Policy, Succession Planning and Performance Evaluation Policy etc.)

DOCUMENT NUMBER:	GIL/2014/NRC Policy/001
DATE OF FIRST APPROVAL:	NOVEMBER 5, 2014
FIRST AMENDMENT:	MAY 25, 2018
SUBSEQUENT AMENDMENT:	FEBRUARY 13, 2019

Agreed by NRC Committee  (Chairperson of the Committee)	Approved by the Board  (Chairman of the Board)
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## I. INTRODUCTION

### 1. Abbreviation

1.	Act	The Companies Act, 2013 and rules made thereunder read with the Companies (Amendment) Act, 2017, as amended from time to time
2.	Board	Board of Directors
3.	Company	Goodyear India Limited
4.	Goodyear	The Goodyear Tire & Rubber Company (hereinafter referred to as " <b>Goodyear</b> ", which expression shall include its subsidiaries, affiliates and associates) is an equal opportunity employer and recruits and makes selection decisions without regard to an individual's race, colour, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status, or other characteristics protected by law
5.	Individual directors	Members of the Board of Directors as and when referred individually, including the Independent Directors
6.	KMP	Key Managerial Personnel
7.	NRC	Nomination and Remuneration Committee as constituted or reconstituted by the Board, in accordance with the Act and SEBI (LODR), 2015
8.	Policy	The Nomination and Remuneration Policy as framed or revised from time to time
9.	SEBI (LODR), 2015	SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time
10.	Senior Management	Senior Management shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below CEO/MD/WTD/manager (including CEO/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer <sup>1</sup>

<sup>1</sup> This change is pursuant to Regulation 3 (c) (iii) of the SEBI (LODR) (Amendment) Regulations, 2018 effective from April 1, 2019

## 2. Objective

In terms of the Act and the SEBI (LODR), 2015, the Board has a duly constituted NRC which is responsible:

i) for identifying, screening and recommending persons, who in its view, are qualified to become director in the Company;

ii) for identifying, screening and recommending persons, who in its view, are qualified to be inducted as 'Senior Management' in the Company;

iii) retaining consultants and legal, accounting and other advisors at Company's expense, in consultation with the Board. After internal deliberations and decision-making, the Committee shall report its findings and recommendations to the Board;

iv) for specifying mechanism for evaluating the performance of the Directors, Board, its Committees and to carry out by itself or by Board or an independent external agency the evaluation process;

v) for developing and sharing the Succession Plan for the Board and reviewing the same from time to time;

vi) acting in compliance with the applicable laws. If any of the terms stated herein are held illegal or unenforceable, the validity or enforceability of the remainder of the terms shall not be affected, if such term, is severable from the rest of the terms without altering the essence of this Policy.

## 3. Meetings

The meeting of the NRC will be held at least once in a year and at such other time as deemed fit and appropriate.

### 3.1 Quorum

The quorum for meeting of the NRC will be either 2 members or one-third of the members of the Committee, whichever is higher, with at least one independent director in attendance.

## 4. Policy - The policy has been divided into two parts:

- i. Nomination Criteria for the appointment of Directors; and
- ii. Nomination Criteria for the Senior Management.

**Nomination Criteria for the Appointment of Directors**– Subject to the compliance of applicable laws, the Company may consider the following criteria in its process of selection of the Board members:

### A. Qualities, Experience and Characteristics:

- a. Personal qualities and characteristics, including the highest personal and professional integrity, sound judgment, and reputation in the business community or in a specialized field or a record of public service;
- b. Substantial business experience or professional expertise and a record of accomplishments;

- c. Experience and stature necessary to be highly effective, working with other members of the Board in serving the long-term interests of shareholders;
- d. Ability and willingness to devote sufficient time to the affairs of the Board and the Company and to carry out their duties effectively;
- e. The needs of the Company at the time of nomination to the Board and suitability of a particular individual's skills and personality with those of the other existing Directors, in building a Board that is effective and responsive to the needs of the Company and shareholders; and
- f. Any additional criteria as may be prescribed under any of the applicable laws.

**B. Age Limit**

The Board does not believe in establishing term limits for Directors because they may deprive the Company and its shareholders of the contribution of Directors who have been able to develop valuable insights into the Company and its operations over time. However, in compliance with the requirements of the Companies Act, 2013 and rules thereto and any amendment thereof, the Company may consider appointment of executive directors on their attaining the age of 70 years, by passing a special resolution in shareholder's meeting.

**C. Board Diversity**

In order to provide a diversity of perspectives in Board deliberations, NRC shall aim to ensure that the nominating process attempts to ensure that the Board as a whole reflects diverse business experience, substantive expertise, skills and background, as well as diversity in personal characteristics, such as age, gender and ethnicity.

**Nomination Criteria for the Appointment of Senior Management-**

The Company may consider the following criteria in its process of selection of the Senior Management:

- a. Relevant professional experience (including International experience, if any);
- b. Education;
- c. Objectivity;
- d. Commitment;
- e. Individual Characteristics (self-assuredness, a high moral and ethical standard and professional integrity, sound judgment skills, inter-personal skills, independence, courage, a willingness to ask the difficult question, communication skills and commitment etc.); and
- f. Compatibility;
- g. Any other criteria that NRC may seem relevant keeping in view the position for which the selection is being done or as may be prescribed under the applicable laws.




5. **Additional Criteria** - NRC may at its sole discretion, have additional criteria or may not consider above stated criteria, based on case to case basis and requirement of the position of Director or Senior Management, as the case may be.
6. **Succession Planning** for Directors and Senior Management - The Company shall also annually report to the Board of Directors regarding succession planning with respect to the office of the Executive Directors and other Senior Management members.

## II. REMUNERATION AND PERFORMANCE EVALUATION POLICY

### 1. **Remuneration**

- i. **Objective:** The objective of Remuneration Policy of the Company is:
  - a. To create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company viz. Board of Directors, Key Managerial Personnel ("**KMP**") & other employees of the Company;
  - b. To ensure that the remuneration is sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - c. To encourage all associates and keep them motivated to perform to their highest level of expertise;
  - d. To allow the Company to compete in each relevant employment market;
  - e. To develop structured incentives/variable remuneration plans based on the performance level of all associates;
  - f. To ensure that the remuneration paid to each associate reflects a short term and long term performance objective appropriate to the working of the Company and its goals.
  - g. The Committee shall at all times act in compliance with the applicable laws. If any of the terms stated herein are held illegal or unenforceable, the validity or enforceability of the remainder of the terms shall not be affected, if such term, is severable from the rest of the terms without altering the essence of this Policy.
- ii. The Company's Remuneration Policy has been divided into four parts:
  - a. Remuneration of Executive Directors, KMP's, Senior Management and other employees ("**All Associates / Associates**");
  - b. Additional Criteria for Remuneration of Associates;
  - c. Remuneration of Non-Executive Directors;
  - d. Remuneration of Independent Directors



**a) Remuneration of Executive Directors, KMP's, Senior Management and other employees ("All Associates / Associates")**

1. Methodology:

- (i) The performance evaluation shall be done on Global Talent Management System ("GTMS"), Company's online performance assessment system or any other alternate performance assessment system that the Company may adopt. The merit cycle followed by the Company is May 1<sup>st</sup> to April 30<sup>th</sup> of the succeeding year. Based on the Country budget the Company may recommend merit changes to the Asia Pacific Management ("Regional Management") for its approval. After securing the Regional Managements' approval, such merit changes may be implemented by the Company. The Company shall structure the forms of remuneration to be offered to Executive Directors, KMPs, Senior Management and other Associates;
- (ii) In terms of applicable provisions of applicable law, the NRC would make recommendations to the Board with respect to remuneration of Executive Directors' and Senior Management then, Board would recommend the remuneration of Executive Directors for shareholders' approval.

2. Types of Remuneration payable to All Associates by the Company

- The following list is indicative and not exhaustive:

- (i) Fixed Remuneration: The Company will from time to time determine the fixed remuneration level for each associate within the Company. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the market position. Market benchmarks reflective of industry comparisons are established with the help of an expert external compensation & benefits agency. Roles across the Company are compared with a basket of other organizations in the similar industries such as auto & FMCG etc. The fixed remuneration will reflect the core performance requirements and expectations of the Company. All associates may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits.
- (ii) Performance Based Remuneration: In addition to fixed remuneration, the Company may have a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration is linked to specific performance targets which is disclosed to relevant associates regularly. For selected Associates, it is in the form of Leadership Team Incentive Plan ("LTIP") of Goodyear & Performance Recognition Plan ("PRP") and sales incentives LTIP of Goodyear, includes cash and stock based payments. PRP payout is based on the Country performance reviewed by the Regional Management. Payments to Associates are subject to compliance of internal approvals process.



It shall be ensured that the remuneration to all associates involves a balance between fixed remuneration and performance based remuneration reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

- (iii) Long Term Incentive Plan (LTIP) including SARs etc.: Goodyear has various 'non - qualified stock appreciation rights plan' etc. (SARs) whereby certain employees / associates of its subsidiaries (like the Company) are granted cash-settled SARs. These SARs entitles the holder to receive cash payout equivalent to the fair market value of the underlying shares on the date of exercise as reduced by the designated exercise price of SARs. The eligible employee(s) / associate(s) do not receive / own shares directly / as a beneficiary at any point of time under the SARs. Once a SAR vests, an employee can exercise it at any time prior to its expiration. The cost related to these SARs exercised by the employee(s) / associate(s) of the Company are accounted for in the books of the Company.
- (iv) Termination payments: Each employment contract should set out in advance, the entitlement of an Individual upon termination of his/her employment.

- b) Additional Criteria for Remuneration of Associates** - In addition to the remuneration stated under clause II (1) (ii) (a) above, the Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and maternity leave and other work enablers such as vehicle, communication, insurance etc. for the Associates.
- c) Remuneration of Non - Executive Directors ("NED")** - The Company shall obtain necessary approval(s), in terms of applicable laws for any remuneration to NEDs'.
- d) Remuneration of Independent Directors ("ID")** - The Company pays sitting fee (goods and service tax paid additionally at actuals) to IDs for attending the Board/Committee meetings as well as the traveling/boarding/conveyance expenses and reimbursement of expenses incurred for participating/ attending the Company's meetings or for attending any other trainings / meetings on behalf of the Company. Such fees shall be in compliance with the requirements of the applicable provisions of the applicable laws.

## **2. Performance Evaluation**

NRC shall be empowered to specify and implement the methodology for effective evaluation of the Board, its Committees and the individual directors, including Independent Directors.

The evaluation process may be carried out by NRC itself or be entrusted on the Board or any independent external agency to be appointed for the specific purpose.

NRC, Board or the independent external agency, as the case may be, shall evaluate annually the performance of the Board, its Committees, of the individual directors. As an evaluation methodology, the evaluator may choose to benchmark



the practices of other boards of directors; circulate surveys, questionnaires and evaluation forms to Directors; and use such other methods as it may deem helpful and appropriate in order to assess the performance.

NRC shall review the implementation of the evaluation mechanism and oversee the compliance of the evaluation system and may carry out any change in the mechanism, as and when necessary and the evaluator shall have to carry out the evaluation as specified by NRC.

### **III. AMENDMENT**

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

### **IV. LIMITATION**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy.

### **V. DISSEMINATION OF POLICY**

This Policy will be communicated to all the concerned persons of the Company and the amended version of the Policy shall be made available on the website of the Company at [www.goodyear.co.in](http://www.goodyear.co.in) (Investor Relation Section).

