



GOODYEAR INDIA LIMITED

**NOMINATION AND REMUNERATION COMMITTEE
("NRC") POLICY**

1. Objectives

In terms of the Companies Act,2013 (the Act) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time [SEBI (LODR), 2015], the objectives of the Nomination & Remuneration Committee (NRC) are as follows:

- (i) formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- (ii) for every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board 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 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. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- (iii) identifying persons who are qualified to become directors and who may be appointed in senior management and Key Managerial Personnel (KMP) in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- (iv) recommend to the Board the remuneration of the directors, KMPs and senior management;
- (v) Advising on Board diversity;
- (vi) 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;
- (vii) Overseeing the Succession Plan for the Board and senior management
- (viii) to extend or continue the term of appointment of the independent Director on the basis of the report of performance evaluation of the independent Directors

2. **Nomination Criteria for the Appointment of Directors:**

the Company may consider the following criteria in its process of selection of the Board members:

A. **Key Skill, Expertise, Competencies and Characteristics:**

General Management & Business Operations	<ul style="list-style-type: none"> • Knowledge and deeper understanding of Auto & Manufacturing Industry. • Experience and understanding on Financial Management, Decision Making, Communication, Leadership, Influencing, Stakeholder Relations including long term interest of shareholders etc. • Entrepreneurial mindset with outstanding organizational and leadership skills including experience in general management & administration of the organization. • Knowledge of Macro / Global/ National / Sectoral Economy
Financial & Risk Management	<ul style="list-style-type: none"> • Experience in financial planning/analysis, controllership, finance operations, audit, information technology and consulting. • Understanding the structures and systems which gives an oversight to the organization to effectively identify, assess and manage Enterprise Risk Management and Crises.
Legal, Regulatory, Corporate Governance, Ethics & Compliance	<ul style="list-style-type: none"> • Expertise in Legal framework, the relevant laws, rules, regulation policies applicable to the industry/ sector and level/ status of compliances thereof. • Understanding of the best corporate governance practices, relevant governance codes, governance structure, processes and practices followed by the organization. • Driving the business ethics, ethical policies, codes and practices • Ability to monitor the compliance and knowledge of legal and regulatory requirements applicable to the Company.
Environment Sustainability & CSR	<ul style="list-style-type: none"> • Experience in broad areas of International Trade and Commerce, Sustainable Development Policy, Environmental Management, Global Governance. • In depth understanding of, Renewable Energy, Finance, Planning and Science and Technology, and the local management of the districts. • Deeper understanding of the Environmental issues such as Pollution mitigation and Control, Biodiversity conservation, Livelihood security, Climate Change etc. • Experienced knowledge on community service and volunteer work for social cause.
Strategic Planning & Business Acumen	<ul style="list-style-type: none"> • Ability to think strategically, to propose ideas, identify options and plans that take advantage of available business opportunities while reflecting a broad and future-oriented perspective and advice on international practices. • Wider perspective on the business and industry, strategy implementation and change with vision & value creation.
Business Development, Sales & Marketing	<ul style="list-style-type: none"> • Experience and ability to identify opportunities and threats to the company and to develop strategies, inter-alia to grow sales and market share, built brand awareness and equity.

	<ul style="list-style-type: none"> • Deep knowledge and experience in business strategy, financial value and customer value creation. • Develop a strategically aligned and values-based organizational culture.
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Note: (a) In case the proposed appointee is an independent director, he should fulfil the criteria for appointment as an independent director as per the provisions of the Act, the SEBI (LODR) 2015 and other applicable laws & regulations.

(b) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

Any additional criteria as may be prescribed under any of the applicable laws.

B. Board Diversity

In order to provide a diversity of perspectives in Board deliberations, NRC shall aim to ensure that the Board as a whole reflects diverse business experience, substantive expertise, skills, background qualifications, knowledge and core skills/ expertise and competencies required for Company's business.

3. Nomination Criteria for the appointment of KMPs and senior management

The eligibility criteria for appointment of key managerial personnel and other senior management shall vary for different positions depending upon the job description and other requirements such as professional qualification, experience and domain knowledge.

4. Remuneration

The remuneration for Directors, KMPs and other senior management shall be as per the Company's remuneration structure after taking into account for other factors such as level of experience, qualification and domain knowledge with an intent to attract, retain and motivate them so that they have the requisite quality required to run the Company successfully . The remuneration would be linked to appropriate performance and market benchmarks.

The Company's Remuneration structure has been divided into three parts:

- a. Remuneration of Executive Directors, KMP's, Senior Management and other employees ("**All Associates / Associates**");
- b. Remuneration of Non-Executive Directors;
- c. Remuneration of Independent Directors

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

Methodology:

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 1st to April 30th 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.

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.

Types of Remuneration payable to **Executive Directors, KMPs, senior management and other employees** 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 across all industries. 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 eligible Associates, it may take in the form of Leadership Team Incentive Plan ("LTIP") and/or the Executive Annual Incentive Plan ⁽¹⁾ ("EAIP") and/or regional/local sales incentives of Goodyear settled as cash and/or stock based payments in the form of Restricted Stock Units (RSUs). EAIP payout is based on Total Company results against predetermined targets, AP SBU results against predetermined targets, results against Associate's annual individual strategic objectives and is also subject to management discretion to determine the Associate's final payout. Payments to Associates are subject to compliance of internal approvals process.
- (iii) It shall be ensured that the remuneration to the eligible 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 Long Term Incentive Plan ⁽¹⁾ (LTIP) grants for may be delivered in the form of Cash Performance Units (CPUs), Restricted Share Units (RSU), as determined by the Company each year. Cash Performance Units (CPU) are valued at \$1/unit and apply to award periods that are three-years long. LTIP award periods are three-years long. CPU payouts are subject to the attainment of performance criteria that are set for each award period. Earned CPUs are paid in cash

In prior years, Goodyear had granted 'non - qualified stock appreciation rights (SARs) whereby certain employees / associates of the Company and its subsidiaries were granted cash-settled SARs. The SARs entitle the holder to receive a cash payout equivalent to the difference between the fair market value of the underlying shares on the date of exercise as and 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.

In prior years, the company also granted Restricted Share Units (RSU) under its LTIP. Restricted share unit grants generally vested over a three-year period. At vesting, a number of Goodyear common shares equal to the number of shares scheduled to vest minus a number of shares withheld to cover required tax withholdings are deposited to an associate's account. The associate is in direct ownership of the common shares and may hold or sell them as he or she wishes.

- (iv) Perquisites as may be applicable.
- (v) Retiral Benefits as may be applicable.
- (vi) Termination payments: Each employment contract should set out in advance, the entitlement of an Individual upon termination of his/her employment.

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.

- b) Remuneration of Non - Executive Directors ("NED")** - The Company shall obtain necessary approval(s), in terms of applicable laws for any remuneration to NEDs'.
- c) Remuneration of Independent Directors ("ID")** - The Company pays sitting fee 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. The quantum of fees shall be determined, from time to time, by the Board subject to ceiling / limits as provided under Companies Act, 2013 and rules made thereunder.

Note: The Company has taken D&O Insurance on behalf of its Directors, KMP's / senior management Personnel, Staff etc., 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

5. 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.

6. 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.