

## **GP Petroleums Limited.**

### **NOMINATION, REMUNERATION AND SUCCESSION PLANNING POLICY**

#### **(1) Preamble**

Nomination, Remuneration & Succession Planning Policy (the “Policy”) is designed to attract, motivate and retain valuable talent. The policy applies to Executive and Non Executive Directors, Key Managerial Personnels and other employees of the company.

#### **(2) Key Definitions**

- a) ‘Act’ means the Companies Act, 2013
- b) ‘Board or Board of Director’ means the Board of Directors of the Company.
- c) ‘Company’ means GP Petroleums Limited
- d) ‘Committee’ means Nomination & Remuneration Committee of the Company as constituted or reconstituted by the Board in accordance with provisions of the Act and the SEBI (Listing Obligations & Listing Requirement) Regulations, 2015.
- e) ‘Director’ means director of the Company.
- f) ‘Independent Director’ mean a director referred to in Sec 149(6) of the Companies Act, 2013 & Rules made thereunder and SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.
- g) ‘Key Managerial Personnel (KMP)’ means
  - i) the Managing Director or the Chief Executive Officer or the Manager or in their absence the Whole time Director
  - ii) the Company Secretary; and
  - iii) Chief Financial Officer
- h) ‘Other employees’ means all employees other than the Directors, KMPs and the Senior Management Personnel.
- i) “senior management” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

- j) 'Performance Management System' means a systematic process by which the Company involves its employees, as individuals and team members, in improving organizational effectiveness in the accomplishment of Organizational vision, mission and goals.

Unless the context otherwise required the words or expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **SECTION A : NOMINATION & REMUNERATION POLICY**

### **(3) The Nomination & Remuneration Policy Purpose & Objectives**

- Formulation of criteria for determining qualifications, positive attributes and independence of Directors. Recommend to the Board policy relating to remuneration of Directors, Key management personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy for Board diversity
- Identifying persons who are qualified to become Directors and may be appointed in senior management in line with the laid down criteria. Recommend to the Board their appointment and removal.
- To lay out evaluation principles for employees linked to their effort, performance & achievement relating to Goals of the Company.

### **(4) Constitution of the Committee**

As stipulated in section 178 of the Companies Act 2013 the Company has constituted Nomination & Remuneration Committee consisting of 3 or more Non Executive Directors of whom at least ½ being Independent Directors. The Chairperson of the Company may be appointed as member of this committee but cannot chair this committee.

The Board has power to reconstitute the committee.

### **(5) Criteria for Board Members and Senior Management**

The committee works with Board to determine appropriate characteristics/ skills and experience for Board as a whole and individual member's skills required to be possessed, expertise/experience required to manage & guide the Company in right direction to create value for all stake holders. Constitution of the Board to have individuals with integrity, sense of accountability, ownership, track record of achievements, financial literacy, leadership quality, team building, ability to think strategically, total commitment to the Company and devote time for meetings. It desirable to have composition where preferably members are with varied skills sets in

different sectors/ industries. They need to look at the strategic planning & policy formulation.

Age limit for the directors can be prescribed as deem fit. Members should not be related to any Executive or Independent Director of the Company or its subsidiary. They also should not have any executive or independent director position in any entity where direct conflict of interest or competition exists. Members are expected to attend/actively participate in Board meetings as well as meetings of the sub committees. When reappointing directors on the Board or on committees their contributions & attendance record may be kept in mind. Independent Directors shall hold office for maximum term as per provisions of the Companies Act, 2013.

They are responsible for corporate strategy, planning & other Board matters. Senior management personals heading the divisions shall be responsible for the day to day operations, related issues, profitability, productivity & recruitment, employee development/retention.

#### **(6) Guiding Principles**

Remuneration/Perks & other terms of employment to be competitive to retain/ attract talent. Accordingly while determining remuneration policy for Executive Directors, key management personnels & other employees suggested guiding principles can be;

- (a) Benchmark compensation package vis-a- vis competition.
- (b) Devise package in a manner so that it is stable & provides incentive for continuous improvement in performance.
- (c) Package to achieve balance between fixed & variable pay reflecting short term/ long term performance objectives in consonance with companies goals/objectives.

#### **(7) Remuneration of Executive Directors**

Remuneration to directors will be payable within the limits prescribed under applicable provisions of the Companies Act, 2013. Remuneration so fixed for executive director/directors will be approved by the Nomination & Remuneration Committee, the Board of Directors & by the members in the General Meeting as per provisions of the Companies Act, 2013. The remuneration policy for executive directors is developed by the Committee. Broadly the structure of remuneration for executive directors will have components such as;

- (a) Fixed pay- may consist of various heads like basic pay, HRA, conveyance, city compensatory allowance and other perks.
- (b) Deferred Pay- may be paid in the form of deferred incentives.
- (c) Share of profit- may be paid in the form of commissions.
- (d) Stock option- as may be granted as per ESOP Scheme of the Company.
- (e) Any other- As recommended by the Chairman of committee from time to time.

**(8) Remuneration of non Executive Directors (including independent & non independent directors)**

Non executive directors to be paid by way of sitting fee for each Board meeting or board sub committee meeting. Non executive directors may also be paid by way of commission as recommended by the committee and approved by the Board within limits of the Companies Act, 2013.

**(9) Remuneration of KMP's & Senior Management Personnel**

It may have following components including combination of these;

- (a) Fixed pay- Various heads like basic pay, HRA, conveyance, City compensatory allowance & other perks if any.
- (b) Deferred pay- In the form of deferred incentives at management discretion.
- (c) Share of profit- In the form of share of profit on management discretion.
- (d) Stock option- If implemented would be under ESOP Scheme as per applicable provisions of relevant law to eligible employees.
- (e) Any other- Company may have components as may be recommended by MD & CEO in consultation with the committee Chairman.

The performance evaluation systems are helpful in retaining talent & should be an ongoing process. Accordingly the Committee to periodically review compensation policies & practices to ensure objectivity of the Company is not compromised. Total remuneration is set at such levels as to attract, motivate & retain high caliber, high potential personnel in competitive scenarios. Yearly increments /enhancements will be on the basis performance evaluation by management & comparison with peer group in the market.

(9A) The Nomination and Remuneration Committee, shall recommend to the Board, all remuneration, in whatever form, payable to KMP & senior management.

**(10) Criteria for performance evaluation of Directors**

Performance of the Board members shall be evaluated on annual basis by the NRC with specific focus on performance & effective functioning of the Board as a whole. Evaluation can be done by using techniques/ macro aspects such as interviews, feedback, questionnaires/scores, survey etc. Performance evaluation depends on autonomy of the Board, its culture, confidentiality & dynamics etc. The Chairman of the Committee will report recommendations of the Committee to the Board. Irrespective of the method adopted & regulatory provisions the Board should keep in mind that process of performance evaluation, providing feedback & extent of sharing such feed back with others would reflect on the commitment to the entire governance process.

**(11) Evaluation process broadly will take into account;**

(A) All directors other than Independent directors;

- (i) Time spent by each board member.
- (ii) Core competencies.
- (iii) Personal characteristics.
- (iv) Accomplishments of specific responsibilities & expertise.
- (v) Contributions at Board & committee meetings.
- (vi) Role played other than in the meetings.
- (vii) Ability to contribute & monitor corporate governance practices.
- (viii) Ability to contribute by introducing international best practices.
- (ix) Actively participating in long term strategic planning & thinking.
- (x) Commitment to fulfilling director obligations & fiduciary responsibilities including participation & attendance.
- (xi) Guidance provided to senior management & board members.
- (xii) Integrity & maintenance of confidentiality.
- (xiii) Independence, ethics& behavior of judgment.
- (xiv) Risk management.
- (xv) Industry entity knowledge.
- (xvi) Leadership style.
- (xvii) Unbiased approach.
- (xviii) Knowledge of interests & priorities of stake holders & engage with stake holders.
- (xix) Core governance & compliance management.

(B) Evaluation process for Independent Directors

- (i) Core competencies.
- (ii) Personal characteristics.
- (iii) Contributions at Board & committee meetings.
- (iv) Ability to contribute & monitor corporate governance practices.
- (v) Ability to contribute by introducing international best practices.
- (vi) Actively participating in long term strategic planning & thinking.
- (vii) Integrity & maintenance of confidentiality.
- (viii) Independence, ethics& behavior of judgment.
- (ix) Industry entity knowledge.
- (x) Knowledge of interests & priorities of stake holders & engage with stake holders.

(C ) Evaluation process for KMP's. & Senior Management Personnel:

Evaluation will be done by using different techniques such as interviews, feedback, questionnaires/scores or survey. The NRC will evaluate KMP's & Senior Management Personnel on the basis of performance management system (PMS) of the Company. The following will be taken into consideration while carrying evaluation process:

Experience, Managerial Traits & Achievements: The HR will define the experience required for a particular position. HR will interview the prospective/ existing personnel to check the suitability. Managerial skills would be essential requirement to fill the position/s at KMPs & Senior Management Personnel. In addition to the above achievements of the incumbent should also be taken into the consideration while finalization of the personnel.

Competency Mapping: HR will carry out competency mapping of the prospective/ existing KMPs/ Senior Management Personnel based on competency defined for the position. Based on the competency analysis improvement area of the personnel will be defined.

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Organizational Growth & Compensation: Based on the result of point (i) & (ii) Growth & Compensation will be offered to existing/ prospective KMPs/ Senior Management Personnel.

## **(12) Removal**

In accordance with reasons mentioned in the Companies Act, 2013 & rules made there under the Committee may recommend to Board, the reasons as applicable under rules/acts/policies etc. for removal of any director, KMP or senior management personal.

## **(13) Retirement**

Director, KMPs & Senior Management Personnel will retire as per rules/ policies of the Company & also as provided under the Companies Act, 2013. Discretion of the Committee with Board approval to exist for retention of Directors, KMPs/Senior Management Personnels & other employees. The remuneration on attaining retirement age will be subject to compliance with acts/rules/provisions of the Company.

## **(14) Disclosure of information**

The Company will disclose the information on the total remuneration of the executive directors & non-executive directors & KMPs & criteria for performance evaluation in its annual report.

## **(15) Authority to decide on deviations from remuneration policy**

The deviation, if any from the Remuneration Policy will be approved by the Board of Directors on the recommendation of Nomination & Remuneration Committee, if there are specific reasons to do so in an individual case. Such deviations to be brought to the notice of the Committee.

## **(16) Compliance with statutory and regulatory requirements**

The remuneration policy of the company will comply with applicable laws, rules, regulations, guidelines issued or prescribed for this purpose by the appropriate authorities from time to time.

### **SECTION –B : SUCCESSION PLANNING POLICY**

#### **The Policy**

GP Petroleums Limited (“the Company”) is committed to ensure its structure and people have the capabilities and capacity to meet its goals and objectives.

#### **Purpose & Scope**

To ensure replacement of Directors, Key Managerial Personnel/s (KMP/s) and Senior Management Personnel in technical and professional position/s in the Company.

Succession Planning is a process where the Company seeks to understand its future capability needs, identify potential talent gaps and remedy for those gaps through the development and progression of staff/ employees. Positive staff development initiatives across the Company enable a core of qualified staff able to undertake new roles or additional responsibilities, in the Department or elsewhere in the Company. Departments need to consider opportunities to further develop staff as part of their workforce plan to ensure they can meet their workforce requirements in the short and long term.

#### **Objectives**

The objectives of the Policy are as under –

- Future Leadership - To develop future leaders for departments and the Institute.
- Critical Capability - To build capacity in departments for support for critical roles, this will provide flexibility when staff take leave or if staff take other roles.
- Future Capability – To plan for departments that will be responsible for new activities, new capabilities building within departments may be required. Succession planning allows identifying gaps and developing staff members with the capability to address these gaps.

#### **Desired Results**

The desired results of the succession planning program are to:

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy.
- Ensure the systematic and long-term development of individuals to replace Directors, KMPs and Senior Management Personnel as the need arises due to deaths, disabilities, retirements, and other unexpected losses.
- Provide a continuous flow of talented people to meet the organization's management needs.
- Meet the organization's need to exercise social responsibility by providing for the advancement of workers & management staff, if any inside the organization.

### **Procedures**

The succession planning program will be carried out as follows:

1. The HR – Head will define the competency for the each position and will have separate meetings with employees of the Company to identify the competency & potential of each employee and to ascertain the competency gap.
  2. Based on the performance evaluation the HR will prepare list of employees having potential to be promoted at next level. The HR will also ascertain training requirement to fill the competency gap.
  3. In the beginning of each year, the Head - HR will arrange a meeting with the MD/CEO to review results from the previous year's succession planning of business efforts and to plan for the present year's process.
2. All HODs will attend a meeting coordinated by the Head – HR in which:
- The MD/ CEO will emphasize the importance of succession planning and review the previous year's results.
  - The HR Department will distribute forms and establish due dates for their completion and return.
  - The Head – HR will review the results of analysis to pinpoint areas of the organization in which predictable turnover, resulting from retirements or other changes, will lead to special needs for management talent.
  - The results of the analysis will be reviewed to demonstrate how successful the organization has been in attracting workers & management staff into high-level positions and to plot strategies for improving affirmative action practices.



3. In July the forms will be completed and returned to the MD/CEO. If necessary, a follow-up meeting will be held.
4. Throughout the year, Head – HR will periodically meet HOD/s to review progress in developing identified successors throughout their areas of responsibility.
5. As need arises, the database will be accessed as a source of possible successors in the organization.