



GANESHA ECOSPHERE LIMITED

POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY

(Approved and adopted on 31st January, 2015)

Modified on 5th February, 2022

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1. PREAMBLE

The Board of Directors of Ganesha Ecosphere Limited (the “Board”) on the recommendation of the Nomination & Remuneration Committee (the “Committee”) has approved and adopted this Nomination, Remuneration and Board Diversity Policy (the “Policy”) in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the rules made thereunder (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

2. OBJECTIVES

The main objectives of this Policy are:

- To lay down criteria for determining the Company’s approach to ensure adequate diversity in its Board.
- To lay down criteria for determining qualifications, positive attributes and independence of a Director.
- To lay down criteria for identifying persons who are qualified to become Directors (executive and non-executive including Independent directors), Key Managerial Personnel ("KMP") and persons who may be appointed in senior management positions.
- To lay down criteria with regard to remuneration of Directors, KMPs and other employees.
- To lay down criteria for effective evaluation of performance of the Board, its Committees & Directors (executive and non-executive directors including Independent Directors).

3. DIVERSITY IN COMPANY’S BOARD:

1. The Board of Ganesha Ecosphere Limited shall have an optimum combination of Executive & Non-executive Directors (including Independent Directors) considering the size and nature of the Company subject to minimum of 6 and maximum of 15 Directors (including at least one-woman director). The Company shall ensure at least 50% of the Company’s Board comprise of Non-executive Directors.
2. The Company aims to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in the form of better and improved decision making. In order to ensure that the Company’s boardroom has appropriate balance of skills, experience and diversity of perspectives, the Committee shall consider candidates based on number of factors, including but not limited to knowledge, skills, professional experience, functional expertise, educational and professional background, personal accomplishment, age, understanding of the industry and the related fields viz. manufacturing, marketing, technology, finance, taxation, law, governance and other disciplines relevant to the business etc. and such other factors that the committee might consider relevant and applicable from time to time towards achieving a diverse Board.

4. QUALIFICATION AND IDENTIFICATION OF PERSONS WHO ARE QUALIFIED TO BE APPOINTED AS DIRECTORS, KMP AND SMP

1. While considering appointment / re-appointment of Directors, the Committee of the Company shall consider and evaluate number of factors including but not limited to Leadership / Operational Experience, Industry Specific Knowledge and Experience, Knowledge of Finance, Legal and Regulatory Matters, Corporate Governance, Risk Management & Strategic Planning, & Personal Attributes such as Integrity, Accountability etc. & other disciplines relevant to the business and directorship or membership in other companies as well as independence of a director in case of appointment of an independent director.
2. The Committee shall ensure that the proposed director satisfies the conditions and criteria as specified for appointment/ re-appointment of a director in the Companies Act, 2013 read with rules made thereunder and the SEBI Listing Regulations.
3. The reappointment / extension of term of the board members shall be on the basis of their performance evaluation report.
4. While evaluating a person for appointment as KMP or as Senior Management Personnel (SMP), the management shall consider various factors including individual's background, competency, skills, educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. manufacturing, marketing, technology, finance, taxation, law, governance or such other discipline relevant to present and prospective operations of the Company.

The officials at the rank/ designation of Vice-President and above (including Company Secretary and Chief Financial Officer) shall be considered as Senior Management Personnel (SMP).

5. REMUNERATION OF EXECUTIVE, NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTOR) AND OTHER EMPLOYEES OF THE COMPANY.

5.1 Board Members:

The overall limits of remuneration of the board members including executive board members are governed by the provisions of Section 197 of the Companies Act, 2013, rules made there under and shall be approved by the shareholders of the Company and shall be subject to availability of profits of the Company.

The Board shall determine the remuneration of directors within the overall limit approved by the shareholders, on the recommendation of the Committee. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

5.2 Non-Executive Directors (NEDs) including Independent Directors:

- The Board shall recommend all fees or compensation, if any, paid to Non-Executive Directors, including Independent Directors and shall require approval of shareholders in general meeting, which shall specify the limits for the maximum number of stock options that may be granted to the Non-Executive Directors, in any financial year and in aggregate. The Independent Directors shall not be entitled to any stock option;
- A Non-Executive Director shall be entitled to receive sitting fees of such sum for each meeting of the Board and/or committee of the Board attended by him, as may be approved by the Board within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to Non-Executive Directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.
- A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee;
- The total commission payable to the Non- Executive Directors shall not exceed 1% of the Net Profits of the Company.
- The Non-Executive Directors shall be entitled to reimbursement of travel, hotel and other incidental expenses incurred by them in performance of their role and duties.
- The approval of shareholders by special resolution shall be obtained every financial year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

5.3 Executive Board Members:

- The remuneration (including revision in the remuneration) of executive board members shall be approved by the Board on the basis of the recommendations of the Committee.
- The remuneration payable to executive directors may consist of (a) fixed pay, which is payable monthly, and may include basic pay, contributions to retirement benefits, house rent allowance or company leased accommodation, other allowances and perquisites as per the Company's policy (b) Variable pay directly linked to the performance of the individual Director and the overall Company's performance (c)



long term incentive/ ESOPs as may be decided by the Committee from time to time.

- The fees or compensation payable to Executive Directors who are Promoters or members of the Promoter Group, shall be subject to the approval of the shareholders by special resolution in general meeting (which shall be valid only till the expiry of the term of such director), if-
 - the annual remuneration payable to such Executive Director exceeds rupees 5 crore or 2.5 per cent of the Net Profits of the Company, whichever is higher;
or
 - where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the Net Profits of the Company.

5.4 Remuneration to Key Managerial Personnel (Other than Managing Director and Whole-Time director), Senior Management and other employees

- The remuneration of key managerial personnel (other than managing director and whole time director) and senior management personnel shall be approved by the Board on the basis of the recommendations of the Committee. The remuneration of other employees shall be as per appraisal policy of the Company.
- The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and prevailing compensation trends in the market.

6. PERFORMANCE EVALUATION:

The performance of the Board as a whole, of its committees and of its members shall be evaluated at least once a year.

It is the responsibility of the Chairman of the Company who shall be supported by the Company Secretary to organize the evaluation process and act on its outcome.

The results of board evaluation shall remain confidential between the Chairman, Directors concerned & the Company Secretary.

The criteria to be considered for performance evaluation would, *inter-alia*, include the following:

6.1 Evaluation of the Board

- Frequency of meetings and procedures adopted;
- Development of suitable strategies and business plans at appropriate time and its effectiveness;

- Implementation of robust policies and procedures;
- Willingness to spend time and effort to learn about the Company and its business;
- Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions; and
- Attainment of Annual Operating Plans.

6.2 Evaluation of Committees

- Discharge of its functions and duties as per its terms of reference;
- Process and procedures followed for discharging its functions;
- Effectiveness of suggestions and recommendations received;
- Size, structure and expertise of the Committee; and
- Conduct of its meetings and procedures followed in this regard.

6.3 Evaluation of Non-Independent Directors

- Achievement of financial / business targets prescribed by the Board;
- Developing and managing / executing business plans, operational plans, risk management and financial affairs of the organization;
- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- Development of policies and strategic plans aligned with the vision and mission of the Company and which harmoniously balance the needs of shareholders, clients, employees and other stakeholders;
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders; and
- Adherence to the code of conduct of the Company.

6.4 Evaluation of Independent Directors

- Participation at the Board / Committee meetings;
- Commitment (including guidance provided to senior management outside of Board / Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behavior and judgment;
- Impact and Influence; and
- Adherence to the code of conduct of the Company.

7. DISCLOSURES BY THE COMPANY

This Policy shall be disclosed on the website of the Company and a web-link shall be provided in the annual report of the Company.



8. POLICY REVIEW

This policy shall be reviewed by the Committee as and when any changes are to be incorporated in the policy due to change in the provisions of Companies Act, 2013 or any other regulations or as may be considered necessary by the Committee. Any changes or modification on the policy as recommended by the Committee shall require approval of the Board of Directors of the Company.

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