

Nomination and Remuneration Policy

PREAMBLE AND TITLE

This Policy shall be called the Nomination and Remuneration Policy.

The Board of Directors (the “Board”) on the recommendation of the Nomination and Remuneration Committee has approved and adopted this Policy in compliance with the requirements under the provisions of the Companies Act, 2013 and rules made thereunder (the “Act”) and as amended from time to time.

OBJECTIVE

This Policy is intended to achieve the following objectives:

- a) To lay down criteria for identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.
- b) To provide framework for remuneration of the Directors, Key Managerial Personnel and other employees

SCOPE

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

DEFINITIONS

- a) “**Applicable Law**” includes any statute, law, regulation, ordinance, rule, judgment, order, decree, byelaw, clearance, directive, guideline, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.
- b) “**Company**” means Cipla Health Limited.
- c) “**Key Managerial Personnel**” means:
 - i. the Chief Executive Officer or the Managing Director or the manager;
 - ii. the Whole-time Director;
 - iii. the Chief Financial officer;
 - iv. the Company Secretary;
 - v. such other officer, which is one level below the directors who is in the whole-time employment designated as Key Managerial personnel by the Board.
- d) “**Employee**” means any person who is in the permanent employment of the Company.
- e) “**Senior Management Personnel**” mean personnel of the Company who are members of its Core Management Team, excluding Board of Directors, comprising all members of management one level below the executive directors and the Chief Executive Officer, including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act.

The Policy shall be subject to the Investment agreement (“IA”) dated 27th November 2015 signed between Cipla Health Limited, FIL Capital Investment (Mauritius) II Limited & Cipla Limited and any other supplemental agreement(s) thereto.

APPLICABILITY OF PARTS

- a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel.
- b) Part II deals with remuneration of Directors, Key Managerial Personnel and other employees.

PART I: APPOINTMENT

GENERAL CRITERIA FOR APPOINTMENT OF DIRECTORS

- a) The Board shall comprise of optimum number of Directors as necessary to effectively manage the affairs of the Company.
- b) The Nomination and Remuneration Committee shall be responsible for identifying suitable candidate for appointment as Director of the Company.
- c) The proposed candidate shall possess appropriate experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance or such other areas related to the Company's business as determined by the Nomination and Remuneration Committee.

APPOINTMENT OF MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR

The Board based on the recommendation of the Nomination and Remuneration Committee shall be responsible for identifying suitable candidate for the position of Managing Director/Whole-time Director. The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law and as approved by the members of the Company.

APPOINTMENT OF INDEPENDENT DIRECTOR

While evaluating a person for appointment / re-appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the definition and criteria of "independence" as set out in section 149 of the Act, as may be amended from time to time.

APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (NOT BEING A DIRECTOR)

- a) The Nomination and Remuneration Committee shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel and Senior Management. The terms and conditions of the appointment shall be in accordance with the provisions of applicable law
- b) The Board of Directors shall have the final authority to appoint or remove the Key Managerial Personnel of the Company.

APPOINTMENT OF OTHER EMPLOYEES

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department.

PART II: REMUNERATION TO BOARD MEMBERS

The overall limits of remuneration of the board members including executive board members (i.e. managing director, whole-time director etc.) shall be governed by the applicable provisions of the Companies Act, 2013.

Remuneration to Directors should involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

REMUNERATION TO KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES (NOT BEING A DIRECTOR)

The remuneration of Key Managerial Personnel and Senior management personnel shall be decided by the Board based on the recommendation of the Nomination and Remuneration Committee.

The remuneration of Key Managerial Personnel and Senior management personnel should involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The remuneration of other employees shall be decided by the Human Resources Department.

ADMINISTRATION, REVIEW AND AMENDMENT OF THE POLICY

The Nomination & Remuneration Committee shall monitor and periodically review or amend the Policy and recommend the necessary changes to the Board for its approval.

The Chief Financial Officer and the Company Secretary are jointly authorised to amend the policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs. The amended policy shall be placed before the Board for noting and ratification.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.