



NOMINATION AND REMUNERATION COMMITTEE MANDATE

Type: Governance Document
Effective Date: 1st May, 2010
Communication Plan: Web Privacy

Owner: Board of Directors Custodian: CPO
Review Schedule: Annual Last Review: Nov/2018
Classification: Open General Doc. No. FMHL/NRC/Nov2018
Version: 11

FORTIS MALAR HOSPITALS LIMITED

NOMINATION AND REMUNERATION COMMITTEE¹

| | |
|---|---|
| | <p>1. PURPOSE</p> <p>The primary function of the Nomination and Remuneration Committee is to assist the Board of Directors in fulfilling its governance and supervisory responsibilities relating to human resource management and compensation.</p> <p>The Committee reviews and where required, approves the human resource policies, remuneration proposals, succession planning, evaluation of performances and development plans of Key Managerial Personnel, Senior Management and other employees of the Company. It also provides support in handling the nomination and remuneration proposals for the Board members including Independent Directors.</p> |
| <p>Section 178 (1) and Reg. 19(1)</p> <p>Reg. 19(2)</p> <p>Section 178 (1) and Reg. 19(2)</p> | <p>2. MEMBERSHIP AND ORGANIZATION</p> <p>(1) Composition — The Nomination and Remuneration Committee shall consist of at least three non-executive directors as members out of which not less than one-half shall be independent directors. The appointment and removal of the members of the Committee shall be as per the provisions of Companies Act, 2013 [Act] and the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 [SEBI LODR].</p> <p>(2) Chair — The chairperson of the Committee shall be an independent director.</p> <p>The Chair shall preside over all the meetings of the Committee. However, the Chairperson of the company (whether executive or non-executive) may be appointed as a member of the Committee but shall not chair such Committee.</p> |
| | <p>3. MEETINGS</p> <p>(1) Meetings—²The Committee shall meet at least once in a year or as may be deemed necessary..</p> |

¹ The Mandate of the Nomination and Remuneration Committee has been mapped to the provisions of the Companies Act, 2013, Rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended.

² With effect from April 1, 2019

FORTIS MALAR HOSPITALS LIMITED

| | |
|--|---|
| | <p>4. ACCOUNTABILITIES AND RESPONSIBILITIES</p> <p>The Committee shall have the accountabilities and responsibilities set out below as well as any other matters that are specifically delegated to the Committee by the Board. In addition to these accountabilities and responsibilities, the Committee shall perform the duties required of Nomination and Remuneration Committee by applicable statute's, requirements of the stock exchanges on which the securities are listed and all other applicable laws.</p> |
| | <p>(1) Board of Directors</p> <p>(a) Board Nomination -</p> |
| Section 178 (2) Clause A (4) of Part D of Sch. II in terms of Reg. 19 (4) Reg. 4 (2f)(ii)(5) | <p>The Nomination and Remuneration Committee <i>shall identify suitable candidates</i> as members of the Board in accordance with defined criteria as laid down before the Committee. The Committee shall <i>establish a transparent board nomination process</i> and recommend for Board approval appropriate criteria for the selection and removal of Board and Board committee members.</p> |
| Section 178(3) and Clause A (1) of Part D of Sch. II in terms of Reg. 19(4) | <p>In making an assessment on suitability of the candidate, the Committee will <i>formulate criteria</i> for determining the educational qualifications, positive attributes and independence of Directors.</p> |
| Reg. 4 (2f)(ii)(5) And Clause A (3) of Part d of Sch. II in terms of Reg. 19 (4) | <p>(b) The Committee is also responsible for <i>devising a policy on Board diversity</i> based on diversity of thought, experience, knowledge, perspective and gender in the Board. This policy shall be recommended by this Committee and approved by the Board.</p> |
| Section 178 (3) and Clause A (1) of Part D of Sch. II in terms of Reg. 19(4) Section 178(4) | <p>(c) Board Remuneration Policy - The Committee shall <i>recommend to the Board a policy</i>, relating to the remuneration of the directors. While formulating such policy, the Committee shall ensure that—</p> <ul style="list-style-type: none">(i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and(iii) remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. |

FORTIS MALAR HOSPITALS LIMITED

| | |
|---|--|
| Reg. 4(2f)(ii)(4) | (d) Board Compensation - The Nomination and Remuneration Committee <i>recommends the compensation norms</i> for members of the Board. In making such proposal the Committee considers and is bound by statutory requirements, longer interests of the Company and its share holders and such other factor's as it deems appropriate. It is to be ensured that no member is involved in deciding upon his/her own compensation. |
| Section 178 (2) Reg. 4 (2f)(ii)(9) Clause A (2) of Part D of Sch. II in terms of Reg. 19(4) Reg. 17 (10) | (e) Evaluation - The Committee shall specify the manner for effective evaluation of performance of the Board, the Independent directors, each Board committees and the Chair of the Board against criteria as determined and approved by the Committee. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). The Committee may also consider the guidance note issued by SEBI in this regard. |
| Section 178 (2) Clause A (4) of Part D of Sch. II in terms of Reg. 19 (4) | <p>(2) Key Managerial Personnel⁴ and Senior Management⁵</p> <p>(a) Senior Management Identification— The Committee shall <i>lay down the criteria for identification</i> of the persons who may be appointed as KMPs, taking into consideration qualifications, experience, positive attributes, skills and competencies and such other factors as it deems appropriate. The Committee shall recommend to the Board the appointment and removal of such KMPs of the Company. With effect from April 1, 2019, ⁶the Committee shall recommend to the Board, all remuneration, in whatever form, payable to senior management.</p> |
| Reg. 4 (2f)(ii)(3) &(4) | (b) Evaluation Process — The Committee <i>shall review and approve</i> the evaluation of performance process/'s of Key Managerial Personnel of the Company. |

⁴ As per Section 2(51) of Companies Act, 2013, Key Managerial Personnel means Chief Executive Officer or Managing Director or the manager, Company Secretary, Whole-time Director, Chief Financial Officer and such other officer as may be prescribed by law from time to time.

⁵ Senior Management comprise of all members of management one level below the executive directors, including all functional heads.

⁶ Effective from April 1, 2019

FORTIS MALAR HOSPITALS LIMITED

| | |
|---|--|
| <p>Reg.4 (2f)(ii)(3) &(4)</p> | <p>(c) Compensation The Committee <i>shall review, monitor and, if advisable, approve</i> the compensation packages for Key Managerial Personnel. The compensation package recommendation shall be based on their performance evaluation conducted pursuant to this mandate, aligned with the longer interests of the Company and its shareholders as well as other factors and criteria, as may be determined by the Committee from time to time.</p> |
| <p>Section 178 (3) and Clause A (1) of Part D of Sch. II in terms of Reg.19(4) Section 178(4)</p> | <p>(d) Remuneration Policy-The Committee shall also <i>recommend to the Board a policy</i> relating to the remuneration for Key Managerial Personnel, Senior Management and other employees. While formulating such policy, the Committee shall ensure that— (i) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (ii) remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.</p> |
| <p>Reg.4 (2f)(ii)(3)</p> | <p>(e) Employment Arrangements — The Committee <i>shall review, and, if advisable, approve</i> any arrangement with the Key Managerial Personnel relating to their selection, compensation, or such arrangements as deemed appropriate by the Committee.</p> |
| <p>Reg.4 (2f)(ii)(3)</p> | <p>(f) Terminations and Severances — The Committee <i>shall also review</i> terminations / replacements/ severance of employments of Key Managerial Personnel.</p> |
| <p>Reg. 17 (4) and Reg.4 (2f)(ii)(3)</p> | <p>(g) Succession Planning — The Committee <i>shall review and satisfy itself</i> that the plans are in place for orderly succession for appointment of Board of Directors and Senior Management.</p> |
| <p>Reg. 5(3) of SEBI (Share Based Employee Benefits) Regulations, 2014</p> | <p>(3) Long Term Incentive Plans - The Committee shall review and recommend to the Board for approval the long term incentives plan(s)/ scheme(s). While reviewing the said plans the Committee shall evaluate criteria such as; eligibility, grants, conditions, exceptions, waivers and such procedural and statutory requirements as may be required for implementing the said plan(s)/ scheme(s) including any modifications thereto. (4) Organization Design- The Committee shall review the adequacy of organization structure for the Company in keeping with and in context of the objectives of the Company. (5) Training and Development- The Committee shall review the adequacy and existence of a training and development framework to support the talent strategy of the Company.</p> |
| | <p>5. Residual – The Committee shall discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.</p> |

FORTIS MALAR HOSPITALS LIMITED

| | |
|--|----------------------------------|
| | 6. REPORTING TO THE BOARD |
|--|----------------------------------|

The Chair shall report to the Board on material matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.