

## **NOMINATION AND REMUNERATION POLICY**

### **1. Introduction:**

This policy shall be called as Nomination and Remuneration Policy (the “Policy”) of Mylan Laboratories Limited (“MLL”/ “Company”).

In pursuance of the Company’s Policy to consider human resources as its invaluable asset, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 (the “Act”) as amended from time to time, this Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated and approved by the Board of Directors.

### **2. Definitions:**

In this Policy, unless the context otherwise requires

- a. Act shall mean “Companies Act, 2013” and rules made thereunder, as amended from time to time;
- b. Company shall mean MLL ;
- c. Board shall mean Board of Directors of MLL;
- d. Independent Director shall mean a Director referred to in Section 149 (6) of the Act;
- e. Committee shall mean Nomination and Remuneration Committee of the Company as constituted by the Board,
- f. Key Managerial Personnel or KMP shall mean Managing Director, Whole Time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and such other persons who may be deemed to be KMP under the Act;

The words and expressions used but not defined herein, but defined under the Act, shall have the meaning assigned therein.

### **3. Constitution of the Nomination and Remuneration Committee:**

- The Board has the power to constitute / reconstitute Nomination and Remuneration Committee of the Company consisting of three or more non-executive directors out of which not less than one half shall be independent director.

- The Chairperson of the Company may be appointed as a member of the Committee but shall not chair the Committee.

#### **4. Key objectives of the Committee:**

The Company recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. It has therefore formulated this Policy for its Directors, KMP, Senior Management keeping in view the following objectives:

- (i) Identify persons who are qualified to become Directors (Executive and Non-Executive including Independent Directors) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- (ii) Recommend to the Board, appointment, and removal of Director, KMP and Senior Management Personnel.
- (iii) Determine remuneration based on the Company's size, business strategies and financial position and trends and practices on remuneration prevailing in peer companies, in the pharmaceutical industry.
- (iv) Specify manner of effective evaluation of the performance of Board, its Committees, Directors, as well as Key Managerial and Senior Management Personnel.
- (v) Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment, or modification, as may be applicable.
- (vi) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- (vii) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- (viii) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting performance objectives

#### **5. Meetings and Quorum:**

- The meeting of the Committee shall be held at regular intervals as deemed fit and appropriate. Two members present shall form the quorum for the meetings of the Committee.
- The Company Secretary of the Company shall act as the Secretary of the Committee.
- The Chairman of the Committee or in his absence any other member of the Committee authorised by him on his behalf shall attend general meetings of the Company.

#### **6. Committee members interest:**

- A member of the Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **7. Appointment of Director, Key Managerial Personnel & Senior Management**

### **• Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Committee shall evaluate the balance of skills, knowledge, and experience.

### **• Term / Tenure:**

#### **1. Managing Director/Whole-time Director:**

- The Company shall appoint or re-appoint any person as its Managing Director or Whole-Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **2. Independent Director:**

- For appointment / re-appointment of a person as an Independent Director, the Committee shall ensure that the proposed candidate satisfies criteria of "independence" as set out in Section 149 of the Act, and other applicable laws.
- An Independent Director shall hold office for a term not exceeding five consecutive years on the Board of the Company and will be eligible for re-appointment and disclosure of such appointment / reappointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- **Removal:**

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable law, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules and Regulations.

- **Retirement:**

The Director, KMP and Senior Management personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**8. Remuneration to Directors and Key Managerial Personnel, Senior Management Personnel and other employees:**

- a. The KMP and Senior Management Personnel and other employees shall be paid remuneration as per the compensation policy of the Company, as revised through the Annual Salary Review process from time to time.
- b. The compensation structure will also be based on the market salary survey, in line with Company policies and benefits.

**9. Amendments to the Policy:**

This Policy is framed based on the provisions of the Act and rules thereunder.

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee may amend this Policy, as deemed fit from time to time, in line with the Act