

## ASTRAZENECA PHARMA INDIA LIMITED

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### *Nomination and Remuneration Policy*

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The Remuneration Committee of AstraZeneca Pharma Limited (“the Company”) was constituted on 6<sup>th</sup> February 2013. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board at its meeting held on May 30, 2014, renamed the “Remuneration Committee” as “Nomination and Remuneration Committee” and approved the Terms of Reference.

#### **1. Objective:**

The Nomination and Remuneration Committee was constituted pursuant to Section 178 of the Companies Act, 2013 (“the Act”) read along with the applicable rules thereto and Clause 49 of the Listing Agreement and this Policy is in compliance therewith.

#### **2. Definitions:**

- (a) **Act** means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- (b) **Board** means the Board of Directors of the Company
- (c) **Directors** means Directors of the Company
- (d) **Key Managerial Personnel:** Key Managerial Personnel means—
  - (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Company Secretary,
  - (iii) Whole-time director;
  - (iv) Chief Financial Officer; and
  - (v) such other officer as may be prescribed by the Act or rules made thereunder.

- (e) **Senior Management Personnel:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

**3. Applicability:**

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

**4. Constitution, Composition, Quorum:**

- (a) The Committee shall consist of a minimum 3 (Three) non-executive directors, out of which not less than one half shall be Independent Directors.
- (b) Two (2) members present out of whom one shall be an Independent Director shall constitute a quorum for a Committee meeting.
- (c) The Chairman of the Committee shall be an Independent Director. In the absence of the Chairman of the Committee, the members present at the meeting shall elect one of the members of the Committee, to act as Chairman of that meeting.
- (d) The Chairman of the Company can be a member of the Committee but shall not chair the Committee.
- (e) The Chairman of the Committee or in his absence any member of the Committee nominated by the Chairman shall be present at the AGM to answer shareholders queries.
- (f) Membership of the Committee shall be disclosed in the Annual Report.

**5. Meetings and invitees to meetings:**

- The Committee will meet as and when required or mandated by the Board or the Chairman of the Committee.
- The Committee may invite such executives, as it considers appropriate to be present at any meeting of the Committee.
- The Company Secretary shall act as Secretary of the Committee.

**6. Role and Functions of the Committee relating to Nomination:**

- (a) To review the Board structure, size and composition and make recommendations to the Board in this regard;
- (b) To identify persons who are qualified to become directors (including appointments to committees) and who may be appointed in Senior Management in accordance with the criteria laid-down, recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
- (c) To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (d) To recommend to the Board plans for succession, in particular, of the Managing Director, the Executive Directors, Key Managerial Personnel and Senior Management Personnel;
- (e) To evaluate the performance of the Board on certain pre-determined parameters as may be laid down by the Board as part of the self-evaluation process.

**7. Functions and Responsibilities of the Committee relating to Remuneration:**

The functions and responsibilities of the Committee in relation to remuneration will be as under:

**7.1 Relating to the Company:**

- The Committee to formulate and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- The Committee while formulating the above policy shall ensure that –
  - (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - (b) relationship of remuneration to performance be clear and meets appropriate performance benchmarks; and
  - (c) remuneration to Directors, Key Managerial Personnel and Senior Management 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.

**7.2 Relating to the Performance and Remuneration of the Managing Director / Wholetime Director, Key Management Personnel and Senior Management Personnel:**

- Establish key performance metrics to measure the performance of the Managing Director / Wholetime Director, including the use of financial, non-financial and qualitative measures.
- Review and recommend to the Board the remuneration and performance bonus or commission to the Managing / Wholetime Directors.

**7.3 Relating to the Performance and Remuneration of the Non-Executive Directors:**

- Define the principles, guidelines and process for determining the payment of commission to non-executive directors of the Company.

**8. Other Functions:**

Perform such other activities within the scope of this Policy as may be directed by the Board of Directors or under any regulatory requirements.

**9. Disclosure:**

This Policy as amended from time to time shall be disclosed in the Board's Report.

**10. Nomination Duties:**

- a) Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;

**11. Remuneration Duties:**

The duties of the Committee in relation to remuneration matters include:

- a) to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b) to review periodically the terms of appointment and the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the

working of the Company.

- c) to delegate any of its powers to one or more of its members.
- d) to consider any other matters as may be requested by the Board;
- e) professional indemnity and liability insurance for Directors and senior management.

Criteria for payment of remuneration to Directors, KMP and Senior Management Personnel is provided under **Annexure – A** attached to this Policy.

## **12. Minutes of Committee Meetings:**

Proceedings of all meetings shall be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

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## **Annexure – A**

### **Criteria for payment of remuneration to Directors, KMP and Senior Management Personnel**

#### **(A) (i) Remuneration to Managing / Whole-time Directors**

- a) The remuneration and commission to be paid to the Managing and Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
- b) The remuneration and commission etc. to be paid to the Managing Director / Whole-time Director will be determined by the Committee and recommended to the Board for approval. The same shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing and Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Directors. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director in accordance with the provisions of Schedule V to the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the shareholders and / or Central Government, as the case may be.

**Provision for excess remuneration:**

If Managing Director, Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**(ii) Remuneration to Non- Executive Independent Directors in India:**

**a) Sitting Fees:**

The Independent Directors in India may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the amount as may be prescribed under the Companies Act, 2013 and the Rules made thereunder

**b) Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**(B) Remuneration to KMP and Senior Management Personnel:**

KMP and Senior Management Personnel shall be eligible for remuneration by way of both fixed and variable pay comprising of monthly salary & perquisites and performance based incentive / commission.

Appraisals of KMP and Senior Management Personnel, annual and / or otherwise, shall be done by the Managing Director and Head of HR function. The Managing Director shall approve the remuneration payable to the KMP thereof.