

## **Appointment, Remuneration and Evaluation Policy**

This Policy is in compliance with Section 178 of the Companies Act, 2013 (“Act”) read with applicable rules made thereunder.

This Appointment, Remuneration and Evaluation Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel of Fresenius Kabi Oncology Ltd (FKOL).

### **Definition**

- a) Nomination and Remuneration Committee (NRC): It means a Committee of Directors constituted under the requirements of Act, read with rules made thereunder.
- b) “Key Managerial Personnel (KMP): KMP means and includes:
  - i. the Chief Executive Officer or the Managing Director or the Manager;
  - ii. the Company Secretary;
  - iii. the Whole-time Director;
  - iv. the Chief Financial Officer; and
  - v. such other officer as may be prescribed.
- c) “Senior Management Personnel” (SMP):  
The expression “Senior Management Personnel” means 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, including the functional heads.

### **1. Objective**

The Nomination and Remuneration Committee shall provide a policy framework for:

- a. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal;
- b. Carrying out evaluation of every Director’s performance;
- c. Identifying the criteria for determining qualifications, positive attributes and independence of a Director;
- d. Finalizing the remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel;
- e. Assessing the independence of Independent Directors; and
- f. Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provisions of the Act and rules made thereunder.

### **2. Accountability**

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

However, the Board, in terms of requirements of the Act and rules made thereunder, has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management Personnel of the Company to the Nomination and Remuneration Committee which makes nominations & recommendations to the Board.

### **3. Appointment of Directors and KMPs/Senior Management Personnel**

#### **a) Directors**

Enhancing the competencies of the Board and providing strategic inputs to the management of the Company should be the main criteria/focus area while selecting Directors of the Company.

The proposed person should be assessed against a range of criteria which includes but not limited to:

##### Personality, Skills and Knowledge

- Knowledge and experience relevant to the business of the Company;
- Understanding of and experience in performing his/her roles and responsibilities;
- Independence of judgment;
- Qualification(s); and
- Past performance and credentials.

##### Behaviour & Conduct

- Ability to work individually as well as a member of team;
- Ability to represent the Company;
- Interaction and relationship with the other members of the Board, KMPs and key stakeholders;
- Board room conduct;
- Communication skills; and
- Ethics and Values.

##### Independence of Directors

Independence of Directors shall be decided on the basis of criteria provided under the relevant provisions of the Act, read with rules made thereunder, and any modification/amendments done from time to time. A declaration of Independence shall also be taken from the Independent Directors before their induction on the Board of Directors.

#### **b) KMP/Senior Management Personnel**

KMP and Senior Management Personnel shall be identified by the Company and informed to the Nomination and Remuneration Committee from time to-time. Their individual job descriptions shall also be updated from time-to-time based on the business and legal requirements.

#### **4. Letters of Appointment**

The Company will issue a formal letter of appointment to each Director, KMP/Senior Management Personnel which will, inter alia, contain the terms of appointment and the role assigned by the Company and get it accepted and signed by the concerned individual.

#### **5. Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel**

While fixing the remuneration, the guiding principle should be that the level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other Senior Management Personnel.

The Directors, Key Management Personnel and other Senior Management Personnel's remuneration/salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Non-Executive Directors, which term shall mean and include Independent Directors, may be paid/reimbursed travelling, local transportation, boarding & lodging expenses incurred by each of them for attending meeting(s) of the Board of Directors and/or its Committees. Provided that, any Director who is in employment with any FK Group Company, shall not be eligible for payment/reimbursement of such expenses.

In addition to the above, the Non-Executive Independent Directors be also paid sitting fees and/or commission (subject to availability of net profits as may be available pursuant to applicable provisions of the Companies Act, 2013 and rules prescribed thereunder) for attending meetings(s) of the Board of Directors and/or its Committees. However, the quantum of amount of the sitting fees and commission to be paid shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time.

Individual remuneration packages for Directors, KMPs and Senior Management Personnel of the Company will be determined taking into account relevant factors, including but not limited to:

- Qualification and experience;
- Level of engagement in the affairs of the Company;
- Market conditions;
- Financial and commercial health of the Company;
- Practice being followed in comparable companies; and
- Prevailing laws and government/other guidelines.

##### Remuneration Structure

###### a) Base Compensation (fixed salaries):

It should be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

b) Variable salary:

The NRC may at its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.

c) Any other component/benefits as may be recommended by the management and approved by the NRC.

**6. Evaluation/Assessment of the Board of Directors, its Committees and individual directors:**

The evaluation/assessment of the Board of Directors, its Committees and individual directors is to be conducted on an annual basis. The following criteria may assist in determining how effective the performances of the Directors have been:

**I. Board of Directors and its Committees:**

a) Size, structure and expertise of the Board/Committees:

The Board and its Committees consist of adequate number of members having relevant expertise to effectively and efficiently lead the company towards its vision, mission and long term objectives.

b) Governance Processes:

The governance processes and procedure for discharging its functions, such as decision making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders).

c) Board and Committee terms of reference:

The Board and its Committees are governed by comprehensive terms of reference and each governing body discharges its responsibilities as defined therein.

d) Engagement with Management:

How well the board and each of its committees' engage with the management to ensure it is well supported and able to meet the needs of its members.

e) Board/Committee dynamics:

At the heart are the dynamics of the Board and its Committees' *inter-se*. It is the quality of individual relationships and dialogues that directly influence the quality of decision making and relationships with key stakeholders, including but not limited to effectiveness of the suggestions and recommendations received.

f) Overall effectiveness:

Defining the strategic and operational roadmap for the Company as a whole and guiding individual functions.

**II. Individual Directors**

a) Vision and clarity of roles & responsibility:

The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

b) Frequency of participation:

The Individual Director should make himself/herself available for attending the Board

meetings of the Company and be available for providing his/her guidance and support in case of need.

c) Knowledge and expertise:

The Individual Director possesses relevant skills, knowledge and expertise as required to lead and guide the Company towards its vision and long-term goals.

d) Independent judgment:

The Director exercises his/her own judgment and voices opinion freely.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/ Non-Independent Directors and Chairman/Chairperson of the Board including that of the Board collectively in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion. The NRC will evaluate the Board of Directors individually as well as collectively and the Board of Directors will carry out evaluation of each of the Committees of the Board and Independent Directors.