



MAX HEALTHCARE INSTITUTE LIMITED

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**NOMINATION, REMUNERATION AND BOARD DIVERSITY
POLICY**

Type: Policy	Owner: Board of Directors	Custodian: Chief People Officer & Company Secretary
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1. **PREAMBLE**

This policy shall be called the Nomination, Remuneration and Board Diversity Policy (the “**Policy**”).

The board of directors of Max Healthcare Institute Limited (the “**Company**”) at their meeting held on June 19,2020 has approved and adopted this Policy, on the recommendation of the Nomination and Remuneration Committee (“**NRC**”), in compliance with the requirements under the provisions of the Companies Act, 2013 and rules, notifications and circulars made/issued thereunder, as amended from time to time (the “**Act**”), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “**Listing Regulations**”),.

2. **OBJECTIVE**

This Policy is intended to achieve the following objectives:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (as defined below), Key Managerial Personnel (as defined below) and persons who may be appointed in senior management positions and other Employees (as defined below), recommend to the Board their appointment and removal, and carry out evaluation of every director’s performance.
- b) To provide a framework for remuneration of the Directors, KMP, Senior Management Personnel (as defined below) and other Employees, and align the same with the Company’s business strategies, values, key priorities and goals.
- c) To provide for rewards linked directly to the effort, performance, dedication and achievement of Company’s targets by the Employees.
- d) To lay down approach for Board (as defined below) diversity.

3. **SCOPE**

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

4. **DEFINITIONS**

- a) “**Applicable Law(s)**” include any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification issued by any governmental or statutory or regulatory authority or other governmental instruction and/or mandatory standards, as may be applicable to the Company, and as amended from time to time.
- b) “**Board of Directors**” or “**Board**” means the board of directors of the

Company, or a duly constituted committee thereof.

- c) **“Chief Executive Officer”** shall have the same meaning as assigned to it under the Act, and under the Listing Regulations.
- d) **“Chief Financial Officer”** shall have the same meaning as assigned to it under the Act, and under the Listing Regulations.
- e) **“Company Secretary”** shall have the same meaning as assigned to it under the Act.
- f) **“Director”** means a director appointed to the Board of the Company.
- g) **“Employee”** means any person who is in the permanent employment of the Company.
- h) **“Independent Director”** means an independent director, as defined under the Act, and under the applicable provisions of the Listing Regulations.
- i) **“Key Management Person” or “KMP”** shall have the same meaning as assigned to it under the Act, and under the Listing Regulations.
- j) **“Manager”** shall have the same meaning as assigned to it under the Act
- k) **“Managing Director”** shall have the same meaning as assigned to it under Companies Act, and under the Listing Regulations.
- l) **“Nomination and Remuneration Committee” or “NRC”** means the nomination and remuneration committee of the Board.
- m) **“Senior Management Personnel”** means officers/personnel of the Company who are members of its core management team (i.e. management committee members), excluding members of the Board of Directors, comprising all members of management one level below the Chief Executive Officer or Managing Director or Whole-time Director or Manager, but shall specifically include Chief Financial Officer and Company Secretary (except administrative support staff/executive assistants) and the functional heads. The term “senior management personnel” or “senior management” shall include Chief Executive Officer or Manager, in case they are not part of the Board.
- n) **“Whole-time Director”** shall have the same meaning as assigned to it under the Act.
- o) Any other terms used in this Policy, and not defined herein, shall have the same meaning as assigned to such terms under the Act and the Listing Regulations or any other Applicable Law.

5. **APPLICABILITY OF PARTS**

- a) Part I provides for criteria for appointment of Directors, KMP, Senior Management Personnel and other Employees;

- b) Part II deals with remuneration of Directors, KMP, Senior Management Personnel and other Employees.

6. **PART I:**

6.1. **APPOINTMENT (GENERAL CRITERIA):**

- a) The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 6 (six) and maximum of 15 (fifteen) Directors, the Board shall have an appropriate combination of executive Directors, non-executive Directors, Independent Directors and women Director). The Board shall have at least 1 (one) woman Director and not less than 50% (fifty percent) of the Board shall comprise of non-executive Directors. Further, the Board shall have at least 1 (one) woman Independent Director as and when applicable to the Company in accordance with the Listing Regulations.
- b) The NRC shall be responsible for identifying a suitable candidate for appointment as Director of the Company in accordance with the criteria laid down under this Policy and Applicable Laws, and recommend their appointment to the Board.
- c) While evaluating a person for appointment/ re-appointment as Director, the NRC shall consider and evaluate a number of factors including, but not limited to, background, knowledge, skills, abilities, professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience in the healthcare sector, marketing, technology, finance and other disciplines relevant to the business, *etc.*, and such other factors that the NRC might consider relevant and applicable from time to time towards achieving a diverse Board.
- d) The proposed candidates shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, medical science, healthcare, technology, corporate governance or such other areas related to the Company's business as determined by the NRC.
- e) During the term of the office, every Director shall-
 - i. uphold ethical standards of integrity and probity;
 - ii. act objectively and constructively;
 - iii. exercise responsibilities in a bona-fide manner in the interest of the Company;
 - iv. shall be free from any disqualifications as stipulated under the Act, the Listing Regulations and other Applicable Laws;
 - v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

6.2. **APPOINTMENT OF MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR**

The Board, based on the recommendation of the NRC, and in line with the provisions of Schedule V of the Act, shall be responsible for appointment of a

suitable candidate for the position of Managing Director/Whole-time Director.

The terms and conditions of appointment of the Managing Director and Whole-time Director shall be in accordance with the provisions of the Act, the Listing Regulations and Applicable Laws.

6.3. APPOINTMENT OF INDEPENDENT DIRECTOR

While evaluating a person for appointment/ re-appointment as an Independent Director, the NRC shall ensure that the proposed candidate satisfies the following additional criteria. The Independent Director:

- must meet the requirements as set out in the Act, the Listing Regulations and other Applicable Laws, as amended from time to time.
- should not be on the board of directors or in employment of a competitor of the Company, in the geographies where the Company is operating. However, the Board may, under special circumstances, waive this requirement.
- should have attained a minimum age of 21 (twenty one) years and is not older than 70 (seventy) years.
- does not hold independent directorship in more than 7 (seven) listed entities.
- does not hold independent directorship in more than 3 (three) listed entities if serving as a Whole-time Director / Managing Director in any listed entity.

An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

The re-appointment/ extension of the term of the Independent Director shall be on the basis of their performance evaluation report.

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

- a) The head of human resources of the Company shall be responsible for identifying suitable candidates for the position of KMP (i.e. Chief Financial Officer, Company Secretary) and other Senior Management Personnel;
- b) The appointment of KMP and Senior Management Personnel shall be approved by the Board on the recommendation of the NRC.

6.5. APPOINTMENT OF OTHER EMPLOYEES

The appointment of other Employees shall be made on the basis of the experience, qualification and expertise of the individual, as well as the roles and responsibilities required for the position and shall be approved by the human resource department under the overall guidance of respective functional head.

6.6. REMOVAL OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

- a) The removal of Directors, KMP or Senior Management Personnel may be

warranted due to reasons such as disqualification prescribed under the Applicable Laws, performance, disciplinary reasons, *etc.*

- b) The removal of any Director can be recommended by NRC to the Board with reasons recorded in writing. The removal shall be finally approved by the shareholders of the Company, on the basis of recommendation of the Board and in accordance with Applicable Laws.
- c) The removal of KMP and Senior Management Personnel shall be approved by the Board on the basis of recommendation of the NRC and chief people officer of the Company (“CPO”) in compliance with Applicable Laws.

6.7. **RETIREMENT**

The Directors, Key Managerial Personnel, Senior Management Personnel and Employees shall retire in accordance with the applicable provisions of the Act, the articles of association of the Company and the prevailing policy of the Company.

7. **PART II: REMUNERATION**

7.1. **BOARD MEMBERS**

- a) The overall limits of remuneration of the members of the Board including executive members of the Board (i.e. Managing Director, Whole-time Director, executive Directors etc.) are governed by the Act and the Listing Regulations and shall be approved by the shareholders of the Company.
- b) Within the overall limit approved by the shareholders of the Company, on the recommendation of the NRC, the Board shall determine the remuneration of the members of the Board. The Board can determine different remuneration for different Directors on the basis of the role, responsibilities, duties, time involvement etc.
- c) While determining the remuneration to Directors, KMP, Senior Management Personnel and other Employees, the following shall be considered:
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP, Senior Management Personnel and other Employees of the quality required to run the Company successfully;
 - Relationship of remuneration to performance is clear and meets appropriate benchmarks; and
 - Remuneration to Directors, KMP, Senior Management Personnel and other Employees involves a balance of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

7.2. **REMUNERATION TO MANAGING DIRECTOR/WHOLE-TIME DIRECTOR**

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/Whole-time Director within the overall limits approved by the shareholders, on the recommendation of the NRC and the Board shall

have the authority to revise the remuneration from time to time.

The Managing Director/ Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable employee stock option scheme of the Company, as may be decided by the NRC from time to time. The promoter(s) of the Company will not be entitled to grant of stock options unless otherwise permitted under Applicable Laws.

7.3. REMUNERATION TO NON-EXECUTIVE DIRECTORS

The remuneration/ commission/ sitting fees, as the case may be, to the non-executive Directors/Independent Directors, shall be in accordance with the provisions of the Act and Listing Regulations or as may be recommended by the NRC and/ or the Board, and approved by the shareholders of the Company.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in accordance with the Act, as amended from time to time.

The Board shall recommend fees (including professional fees) or compensation to be paid to non-executive Directors, including Independent Directors, which shall then be approved by the shareholders and the audit committee, as applicable under the Applicable Laws.

The sitting fee shall be payable immediately after the meeting of the Board/ committee of the Board to those Directors who attend the meeting. The commission, if any, shall be payable at the end of the financial year after approval of the annual financial statements by the Board.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/NRC meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in furtherance of his/her duties as a Director.

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

The head of human resources / CPO of the Company shall propose the remuneration for the KMPs and Senior Management Personnel to the NRC. The NRC shall recommend to the Board, all remuneration, in whatever form, payable to KMP and Senior Management Personnel.

The Board shall have the final authority to approve the remuneration based on recommendation of NRC. The remuneration including revision in remuneration of other Employees shall be decided by the human resources department in consultation with the matrix manager within the overall framework of compensation and appraisal practices of the Company and under the overall authority of the Managing Director and the Chief Executive Officer.

The remuneration may include basic salary, allowances, perquisites,

performance linked incentive, retirement benefits, joining / retention bonus, long-term or retention incentives leave travel concessions, ex-gratia / one-time payments, medical benefits, housing / other loans at concessional rates, severance package or any other component / benefits.

The KMP, Senior Management Personnel and other Employees of the Company (not being a Director) shall also be eligible for grant of stock options, wherever deemed fit, under the applicable employee stock option scheme of the Company, as may be decided by the NRC from time to time.

The KMP and Senior Management shall have a well-defined appraisal and performance evaluation framework. The evaluation process shall be monitored by CPO - human resource department of the Company and approved by the Chairman and Managing Director.

In addition to this Policy, subject to NRC approval, the Company may from time to time give such loans/advances to Employees in accordance with the conditions of service applicable to such Employees, and in accordance with the relevant provisions of the Act.

8. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

All Directors and officers (including KMP and Senior Management Personnel) of the Company shall be adequately insured under a directors' and officers' liability insurance policy taken by the Company.

9. BOARD DIVERSITY

- 9.1. The Company acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that woman with the right skills and experience can play in contributing to diversity of perspective in the boardroom.
- 9.2. The NRC shall review and evaluate the composition of the Board to ensure that the Board and its committees have an appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The NRC will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.
- 9.3. All appointments to the Board (as recommended by the NRC) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfill required time commitments in the case of Independent and non-executive Directors will also be taken into account.
- 9.4. The NRC shall monitor and periodically review the Board diversity and

recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.

- 9.5. The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board member.

10. **AMENDMENT AND CONFLICT**

The NRC shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval. Any subsequent amendment/modification in the Applicable Laws shall automatically apply to this Policy. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever. In the event of conflict between this Policy and Applicable Laws, Applicable Laws shall prevail.

The Board, on the recommendation of the NRC, 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.

11. **DISSEMINATION**

As prescribed under the Listing Regulations, this Policy shall be disclosed on the Company's website. In the event of any change in the Policy made in accordance with Clause 10 above, such change shall be updated on the Company's website within 2 (two) working days of such changes.