



## **NOMINATION AND REMUNERATION POLICY**



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### **1. Introduction**

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ('**KMP**'), Senior Management Personnel ('**SMP**') has been formulated in terms of the provisions of the Companies Act, 2013 ('**Act**') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ('**Listing Regulations**') in order to appoint and pay equitable remuneration to Directors, KMP, SMP and other Employees of the Company.

### **2. Objective**

The Policy sets out the guiding principles on:

- i. Appointment and remuneration of the Directors, KMP and SMP;
- ii. Determining qualifications, positive attributes and independence for appointment of a Director (Executive/Non-Executive/Independent); and
- iii. Board Diversity;

### **3. Definitions**

- a) '**Act**' means the Companies Act, 2013 and the rules made thereunder, including any amendments or modifications thereof.
- b) '**Board**' means the Board of Directors of Lupin Limited.
- c) '**Company**' means Lupin Limited.
- d) '**Director**' means a Director appointed on the Board of the Company.
- e) '**Employee(s)**' means any person who is in the permanent employment of the Company.
- f) '**Independent Director**' means a Director who satisfies the criteria for independence as prescribed under Section 149 of the Act and Regulation 16 of the Listing Regulations.
- g) '**Key Managerial Personnel or KMP**' means: -
  - i. Chief Executive Officer or Managing Director or Manager;
  - ii. Whole-Time Director(s);
  - iii. Company Secretary;
  - iv. Chief Financial Officer; and

- v. Such other officer, not more than one level below the directors who is in whole time employment and designated as KMP by the Board.
- h) **'Nomination Remuneration Committee or NRC'** means such Committee as constituted by the Board in compliance with the Act and the Listing Regulations.
- i) **'Senior Management Personnel or SMP'** means officers and personnel of the Company, who are members of its core management team excluding Board of Directors and shall also comprise all members of management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as KMP, other than the Board of the Company.
- j) **'Policy'** means this Policy as amended from time to time.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act or the Listing Regulations shall have the same meaning respectively assigned to them therein.

#### **4. Matters to be dealt by the NRC**

##### **a) Appointment of Directors/KMP/SMP**

To identify and recommend to the Board the appointment of a Director/KMP/SMP in accordance with the provisions of this Policy, the Act and the Listing Regulations.

##### **b) Evaluation of performance**

The NRC shall formulate the criteria and framework for evaluation of the Board, its Committees, and individual Directors and review the implementation and compliance of the manner in which evaluation will be carried out.

##### **c) Remuneration**

The NRC shall determine the remuneration payable to the Executive/Non-Executive Directors, KMP and SMP at their time of appointment. The NRC may also be authorised under the various share-based benefits scheme(s) of the Company, as applicable, to grant share-based benefit(s)/employees stock option(s) to the eligible employee(s) of the Company and its subsidiary companies, from time to time.

#### **5. Board Diversity**

The Company recognizes and embraces the importance of a diverse Board in its success. In designing the Board composition, the NRC shall ensure that the Board diversity has been considered from a number of aspects, including but not limited to gender, age, qualification(s), geographical background, experience, independence, skills and knowledge.

## **6. Appointment and Removal of Director, KMP and SMP**

### **a) General Criteria for appointment of a Director, KMP and SMP**

For appointment of a person as a Director, KMP and SMP, the NRC shall consider and evaluate number of aspect(s) including but not limited to knowledge, skills, ability to exercise sound judgement, professional experience (including experience of pharma sector) and functional expertise, qualification(s), personal accomplishment and such other factors as the NRC may consider relevant and applicable from time to time.

The proposed candidate shall possess appropriate skills, expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, medical science, healthcare/pharmaceutical, sustainability, technology, corporate governance or such other areas related to the Company's business as considered necessary by the NRC.

The NRC will ensure that no candidate 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 condition.

### **b) Appointment of a Director**

The Board shall comprise of optimum number of Directors to effectively manage the affairs of the Company. The NRC shall review and assess the composition of the Board, as well as identify qualified persons for being appointed as a Director and recommend to the Board their appointment and which shall be subject to the approval by the Members of the Company and such other approvals, as may be necessary.

#### **i. Additional conditions to be fulfilled for appointment of an Independent Director**

The NRC while evaluating a person for appointment as an Independent Director, shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required from an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the NRC may:

- a. Avail the services of an external agencies, if required;
- b. Consider candidates from a wide range of backgrounds, having due regard to diversity;
- c. Consider the time commitments of the candidates.

On the basis of the report of performance evaluation the NRC and/or the Board shall determine whether to re-appoint/extend the term of an Independent Director on the Board of the Company.

### **c) Term/Tenure**

#### **i. Managing Director/Whole-Time Director/Executive Director**

The term of Managing Director/Whole-Time Director/Executive Director shall be recommended by the NRC for approval by the Board which shall not exceed a period of five years. No re-appointment shall be made earlier than one year before the expiry of term.

#### **ii. Independent Director**

The term of appointment/re-appointment of an Independent Director shall be recommended by the NRC for approval of the Board which shall not exceed a period of five years and shall not hold office for more than two consecutive terms of five years. Such Independent Director shall be eligible for appointment after the expiry of such period as prescribed under the Act or the Listing Regulations.

### **d) Retirement**

The Director in whole-time employment, KMP and SMP shall retire as per the prevailing policy of the Company. On the recommendation of the NRC, the Board if it considers to be in the interest of the Company, shall have the discretion to retain such a Director, KMP and SMP even after attaining the retirement age.

### **e) Removal**

In case of any Director, KMP and SMP incurs any disqualification as provided under the Act or the Listing Regulations or there is a breach of the terms of employment or the policies/Code of the Company or due to reasons of performance, the NRC may recommend to the Board removal of such Director, KMP and SMP.

## **7. Remuneration of Director/KMP/SMP/other Employees:**

### **a) Criteria for payment of remuneration**

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Director, KMP, SMP and other Employees for the quality required to run the Company successfully;
- The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- The 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;
- While determining the remuneration various factors can be considered such as qualifications, experience, expertise, position, leadership qualities, prevailing remuneration in the industry, volume of the Company's business and profits earned by it and the responsibilities to be shouldered by the proposed candidate; and

- The remuneration may include such components including but not limited to salary, allowances, perquisites, long term incentives, share-based incentives, performance-based incentives, retirement benefits, joining/retention/special bonus, medical benefits or any other component/benefits as per the policy of the Company.

**b) Remuneration for Executive Director/Whole-Time Director/Managing Director**

At the time of appointment, the NRC shall recommend to the Board, remuneration payable to the Managing Director / Whole-Time Director / Executive Director which shall be in accordance with the provisions of the Act and the Listing Regulations and which shall be subject to the approval by the Members of the Company and such other approvals, as may be necessary.

Annual increment/subsequent variation in the remuneration of the Executive Director / Whole-Time Director / Managing Director shall be approved by the NRC/Board.

The remuneration limits shall be in compliance with the provisions of the Act and the Listing Regulations.

**c) Remuneration of Non-Executive Directors**

The Non-Executive Directors shall be entitled to such remuneration as may be determined by the NRC/Board in accordance with the provisions of the Act and the Listing Regulations.

Remuneration in the form of commission shall not exceed the limit as approved by the Members of the Company from time to time.

The Non-Executive Directors shall be entitled for payment of sitting fees as approved by the Board for attending the meetings of the Board and its Committees, provided that the same shall not exceed the maximum amount provided in the Act or the Listing Regulations.

All the Non-Executive Directors shall be entitled to reimbursement of such reasonable expenses incurred by them for performing their official duties.

**d) Remuneration of KMP and SMP**

The remuneration to be paid to the KMP and SMP, at the time of his/her appointment shall be recommended by the NRC and approved by the Board.

Annual increment/subsequent variation in the remuneration of the KMP and SMP shall be approved by the NRC/Board.

**e) Remuneration of other Employees (other than specified above)**

The remuneration including revision in remuneration of other Employees shall be as per the policy(s) of the Company.

**f) Share based benefits/employee stock options**

Subject to the provisions of the Act or the Listing Regulations or such other law as may be applicable from time to time, a Director, KMP, SMP and other Employees may be eligible for share-based benefits or employee stock options under the applicable scheme / plan of the Company.

**g) Claw-back**

The NRC has the discretion to claw-back from the Directors, KMP, SMP or other Employees, some or all of the cash bonus award/performance incentives/bonus in certain circumstances, where the individual is involved in: -

- i. Serious misconduct;
- ii. Causing material misstatement or restatement of the financial results/statements of the Company or its Subsidiary companies;
- iii. Causing significant reputational damage to the Company or its Subsidiary companies;
- iv. Such other instances where the NRC at its discretion deem necessary to apply the claw-back clause.

**8. Directors and Officers Liability Insurance Policy**

All Directors and Officers (including KMP and SMP) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy. Where insurance policy is taken by the Company for its Directors and Officers (including KMP and SMP) for indemnifying any of them against any liability, the premium paid by the Company for such insurance cover shall not be treated as part of the remuneration payable to such persons. However, if such person is proved to be guilty, the premium paid on such insurance shall be recovered from such persons as part of their remuneration.

**9. Disclosure**

This Policy shall be uploaded on website of the Company.

**10. Review**

This Policy is framed based on the provisions of the Act and Listing Regulations. In the event of any inconsistency between the provisions of this Policy and of the Act or the Listing Regulations or any other statutory enactments, the provisions of such Act or Listing Regulations or statutory enactments shall prevail over this Policy. Any subsequent amendment/modification in the Act or the Listing Regulations and/or other applicable laws in this regard shall mutatis mutandis apply to /prevail upon this Policy. Subject to applicable laws the Board can further delegate any of its powers herein to the Committee.

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### **Document History**

<b>Approved by</b>	<b>Board of Directors</b>
Version 1.0	May 07, 2014
Version 2.0	August 03, 2022
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