

NOMINATION AND REMUNERATION POLICY OF UNIPATH SPECIALTY LABORATORY LIMITED

PREAMBLE

Section 178 of the Companies Act, 2013 provides that the Board of Directors on the recommendation of Nomination and Remuneration Committee has to formulate Nomination and Remuneration Policy detailing therein interalia, the criteria for determining qualifications, positive attributes and independence of a Director; remuneration for the Directors, Key Managerial Personnel and other employees; review of performance of non-independent directors and Chairman of the Board and performance evaluation of Independent Directors.

Accordingly, the Nomination and Remuneration Policy of Unipath Specialty Laboratory Limited has been designed to keep pace with the dynamic business environment and market linked positioning. The Policy has been duly approved and adopted by the Board pursuant to recommendations of Nomination and Remuneration Committee (“NRC”) of the Company.

GENERAL

The composition of the Board of Directors, the appointment of Directors, their number, duration of appointment, their remuneration and their removal, where appropriate, will always be in accordance with the Companies Act and any other applicable law, and the Memorandum & Articles of Association.

The Company will continue its policy of non-discrimination on grounds of race, ethnicity, language, and religion or caste in appointment, promotion and remuneration of employees.

NRC will monitor the policy and processes as set out herein on behalf of the Board.

COMPOSITION OF THE BOARD

The Board is composed of Independent Directors and other Directors with diverse experience in and their respective professions. The process of appointment is transparent backed by appropriate documentation.

APPLICABILITY

This Policy is Applicable to:

- (a) Directors (Executive, Non-Executive and Independent)
- (b) Key Managerial Personnel (KMP)
- (c) Senior Management Personnel
- (d) Other employees as may be decided by the Committee ("NRC")

OBJECTIVE

The Policy provides for criteria for:

- 1) Determining qualifications, positive attributes and independence of a Director;
- 2) Performance evaluation of Independent Directors, non-independent Directors, Chairman and the Board;
- 3) Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees, as may be decided by the Committee;

DEFINITIONS

- **“Act”** means the Companies Act, 2013, Rules framed thereunder and any amendments thereto;
- **“Board of Director”** or **“Board”**, means the collective body of the Directors of the company;
- **“Company”**, “This Company”, “The Company”, “Company” wherever occur in the policy shall mean “Unipath Specialty Laboratory Limited”
- **“Independent Director”** means a Director, referred to in section 149(6) of the act.
- **“Key Managerial Personnel”** means
 - a. the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole Time Director;
 - b. the Company Secretary;
 - c. the Chief Financial Officer;
 - d. and any other person appointed as the KMP by the Board of Directors of the Company;

- **“Nomination and Remuneration Committee or committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- **“Senior Management”** means the personnel of the Company who are members of its core management team and comprising all members of management one level below the Board/Executive Directors, including all the functional heads.

INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Act.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Nomination and Remuneration Committee and the decision of the Nomination and Remuneration Committee in such a case shall be final.

GUIDELINES

I. Qualifications

Criteria for identifying persons who are qualified to be appointed as a Director/ KMP /Senior Management Personnel of the Company:

a. Directors

Any person who in the opinion of the Board is a person of integrity and possesses relevant expertise and Experience and is not disqualified in terms of Section 164 of the Companies Act, 2013 and other applicable provisions can be appointed as a Director of the Company.

b. Independent Directors

The Act requires the Company to appoint at least two of its members of the Board (as defined in the Companies Act) to be independent.

For appointment as Independent Director he/she should possess qualifications as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014. Further he/she should also fulfill the requirements of Section 149 (6) of the Companies Act, 2013.

Principal criteria for selecting an independent director are that he/she:

- must have considerable experience at senior levels in business, industry, professions, government or industry/ finance related institutions in India and/or other countries; and
- has no conflict of interest, including any material or pecuniary interest, except for remuneration received as approved by law and/or shareholders
- has the ability to evaluate and advise on strategy and business of the Company
- has the ability to challenge and evaluate performance of the management, financial performance, and risks in the business
- has the ability to relate and advise on the effects of macro level economic, industrial and political environment and developments, including government policies, on the Company's affairs and management of its business

c. Senior Management Personnel and KMP and Other Employees

The Company has specific job descriptions for the various positions in the Organization Structure. The job descriptions detail the minimum qualifications and experience requirements of the specific position, including for KMP and other Senior Management Personnel, which commensurate with the size of its business and the nature and complexity of its operations. These positions are filled internally as well as by lateral hiring. Any new recruit in the Company is to match the requirements prescribed for the position.

II. Remuneration

a. Provisions relating to remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees

The Directors, Key Managerial Personnel, Senior Management Personnel and other employees receive basic salary, allowances and other perquisites and performance based remuneration. The Company policy is that remuneration should be fair and reasonable and should be reflective of market competitiveness so as to attract the best talent. The following are the guiding factors:

- The scope of duties, the role and nature of responsibilities
- The level of skill, knowledge, experience, local factors and expectations of individual
- The Company's performance, long term strategy and availability of resources

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs, 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 performance benchmark; and
- 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

The remuneration of Directors, Key Managerial Personnel and other Senior Management Personnel are determined and reviewed by Nomination and Remuneration Committee, while the HR department reviews the remuneration of other employees. Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders' and/or of the Central Government, as may be applicable.

b. Provisions relating to remuneration of Non- Executive / Independent Director(s)

- The amount of sitting fees will be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and as decided by the Board from time to time.
- The Non-Executive/ Independent Director(s) may also receive remuneration / compensation commission etc. as per criteria/limit thereof prescribed under Companies Act, 2013 and rules made thereunder.
- Non-Executive Directors may also receive stock options. Limits shall be set for the maximum number of stock options that can be granted to Non-Executive Directors in any financial year and in the aggregate. However Independent Directors shall not be entitled to any stock option.
- Any increase in the maximum aggregate remuneration payable beyond permissible limit under the Companies Act, 2013 shall be subject to the approval of the Shareholders' and/or of the Central Government, as may be applicable.

III. Evaluation

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act provides that the Independent Directors shall at its separate meeting review performance of non-independent directors, Chairperson of the Company and the Board as a whole. The performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated.

The evaluation will be done on following parameters:

1. Role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board;
2. Attendance at meetings of the Board, Committees of which he is a member and of Shareholders;
3. Constructive participation in the proceedings of the Board and Committees;
4. Subject expertise, skills, behavior, experience, leadership qualities, understanding of business and strategic direction to align company's values and standards;
5. Ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders;
6. Compliance with the Code of Conduct;
7. Vision on Corporate Governance and Corporate Social Responsibility;
8. Ability to create a performance culture that drives value creation and a high quality of discussions;
9. Evaluation and advice relating to the Company's performance, both financial and commercial;
10. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency;
11. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity;
12. Contribution to enhance overall brand image of the Company;

Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall annually review the performance of the each and every Director. Based on the rating of performance the Board can decide to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance rating.

DISCLOSURES

The Company shall make the necessary disclosures of the policy in the Board' Report as required under the Act.