Novartis India Limited

NOMINATION AND REMUNERATION POLICY

Table of Contents

NOMINATION AND REMUNERATION POLICY

Novartis India Limited

This nomination and remuneration policy ("**Policy**") of the Company has been adopted pursuant to Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ("**Listing Regulations**") and Section 178(3) of the Companies Act, 2013 (as amended from time to time) ("**Act**").

This Policy provides guidance on:

1. Selection and nomination of Directors to the Board of the Company;
2. Appointment of the Senior Management Personnel of the Company; and
3. Remuneration of Directors, Key Management Personnel and other employees.

This Policy has been formulated by the Company keeping in view the following objectives:

1. to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to successfully run the Company;
2. to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. to ensure that remuneration paid to directors, key managerial personnel, and Senior Management (*as defined below*) 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.

1. Selection and Nomination Criteria for Directors

The NRC shall ascertain the integrity, qualification, expertise and experience of persons identified for appointment as directors, key managerial personnel or Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.

The NRC shall consider the following aspects while appointing a person as a Director on the Board of the Company:

Skills and Experiences: The candidate shall have appropriate skills and experience in one or more fields of finance, law, management, sales, marketing, administration, public administrative services, research, corporate governance, technical operations or any other disciplines related to the Company's business.

Age Limit: The candidate should have completed the age of twenty-one (21) years and should not have attained the age of seventy-five (75) years or continue in the role unless the company passes a special resolution in a general meeting

Conflict of Interest: The candidate should not hold Directorship in any of the competitors' companies and should not have any conflict of interest with the Company.

Directorship: The number of companies in which the candidate holds directorship should not exceed the number prescribed under the Act or under the Listing Regulations.

Independence: The candidate proposed to be appointed as Independent Director, should not have any direct or indirect material pecuniary relationship with the Company and must satisfy the requirements imposed under the Act or under the Listing Regulations.

For every appointment of an Independent Director, the NRC 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 of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities, to the extent possible, identified in such description. For the purpose of identifying suitable candidates, the NRC may:

a. use the services of external agencies, if required;
b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
c. consider the time commitments of the candidates.

While appointing a Director to the Board, due consideration will be given to:

i. approvals of the Board and/or Shareholders of the Company in accordance with the Act; and
ii. the Articles of Association of the Company.

2. Composition and Role

The Board has constituted the NRC for the formulation, oversight and review of the Policy. The NRC shall at all times consist of at least 3 (three) directors as members, all of whom are required to be non-executive directors and at least 2/3rd (two-thirds) of the directors are required to be independent directors. The quorum for a meeting of the NRC shall be either 2 (two) members or 1/3rd (one third) of the members of the NRC, whichever is greater including at least 1 (one) independent director in attendance. The NRC shall meet at least once in a financial year. The chairperson of the NRC shall be an independent director, provided that the chairperson of the NRC, whether executive or non-executive, may be appointed as a member of the NRC, but shall not chair the NRC.

The role of the NRC also includes the following:

(a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the appointment and remuneration of the directors, key managerial personnel, Senior Management and other employees;

(b) formulating criteria for evaluation of the performance of independent directors and the Board of Directors;

(c) devising a policy on diversity of the Board of Directors;

(d) identifying persons who are qualified to become directors and who may be appointed as key managerial personnel of the Company or Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;

(e) deciding whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors; and

(f) recommending to the Board of Directors, all remuneration, in whatever form, payable to senior management.

3. Policy relating to remuneration for directors, key managerial personnel, Senior Management and other employees

A. **General principles:**

(i) The remuneration to be paid to directors, key managerial personnel and Senior Management of the Company shall be determined by the NRC and recommended to the Board for approval.

(ii) The remuneration to be paid to the directors, key managerial personnel and Senior Management of the Company shall be in accordance with the applicable provisions of the Listing Regulations and the Act and all rules and regulations made thereunder.

(iii) The remuneration and remuneration policies for directors, key managerial personnel, Senior Management and other employees shall have regard to the need to (a) attract and motivate talent to pursue the Company's long term growth; (b) demonstrate a clear relationship between executive compensation and performance; (c) be consistent with recognised best practices; (d) reflect the size of the Company, complexity of the sector / industry / Company's operations and the Company's capacity to pay; (e) have regard to best governance practices and legal requirements; and (f) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.

(iv) Further, the Company shall also take into consideration the following matters while determining the remuneration of key managerial personnel: (a) the financial and operating performance of the Company during the 3 (three) preceding financial years; (b) the relationship between remuneration and performance; (c) the principle of proportionality of remuneration within the Company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the Board who receive remuneration and employees or executives of the Company; (d) whether the remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference; and (e) the securities held by a director, including options and details of the shares pledged as at the end of the preceding financial year.

B. **Remuneration for non-executive directors and independent directors:**

(i) The remuneration payable to each non-executive director and independent director shall be based on the remuneration structure as determined by the Board, as may be revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Listing Regulations and the Act. The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the non-executive and independent directors of the Company within the overall limits approved by the shareholders.

(ii) The non-executive and independent directors of the Company shall be entitled to sitting fees for attending the meetings of the Board and the committees thereof, as may be decided by the Board from time to time, which shall not exceed 1,00,000 (Indian Rupees One Lakh) per meeting of the Board or committee thereof.

(iii) Independent directors of the Company shall not be entitled to any employee stock options or any other stock incentive of the Company.

C. **Remuneration for executive directors:**

(i) The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the executive directors of the Company in compliance with the provisions of the Listing Regulations and the Act.

(ii) The remuneration structure of the executive directors of the Company may include the following components:

(a) basic pay;
(b) perquisites, benefits and allowances;
(c) stock options;
(d) retiral benefits;
(e) annual performance bonus;
(f) other agreed fixed and/or variable pay; and
(g) any other elements of compensation approved by the NRC.

D. **Remuneration for key managerial personnel and Senior Management:**

(i) The Board, on the recommendation of the NRC, shall review and approve the remuneration payable to the key managerial personnel and the Senior Management of the Company in compliance with the provisions of the Listing Regulations and the Act.

(ii) The remuneration structure of the key managerial personnel and Senior Management of the Company may include the following components:

(a) basic pay;
(b) perquisites, benefits and allowances;
(c) stock options;

(d) retiral benefits;
(e) annual performance bonus;
(f) other agreed fixed and/or variable pay; and
(g) any other elements of compensation approved by the NRC.

E. **Remuneration for other employees:**

Employees shall be assigned grades according to their qualifications, work roles, work experience, competencies and other criteria as may be prescribed by the Board or the NRC or any person delegated for such purpose. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

4. Board Diversity

(a) 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, gender, religion, ethnicity, sexual orientation and personal attributes.

(b) The NRC shall review and evaluate the Board composition to ensure that the Board and its committees have the 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.

(c) The NRC shall ensure that no person is discriminated against on grounds of religion, race, veteran status, 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 member of the Board.

(d) 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.

5. Appointment Criteria for Senior Management

Senior Management for the purpose of this Policy shall mean the officers and personnel who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the 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 Company Secretary and the Chief Financial Officer.

The candidates should have appropriate qualification, skills and experience for discharging the role. The qualification, skills and experience of each such position shall be defined in the job description, which will be maintained by the HR. The details of the NRC are as mentioned in Exhibit 1.

6. Disclosures

The Company shall disclose this Policy on its website and shall provide the web address of this Policy in the Board's report.

7. Amendment, Review and Effectiveness

This Policy may be reviewed and/or revised as may be deemed necessary by the Board and the NRC. In the event of any conflict between the terms of this Policy and applicable law (including the Listing Regulations), the provisions of applicable law shall prevail.

This Policy is approved and adopted by the Board at its meeting held on July 29, 2026, from which date, this Policy shall be effective.

8. Exhibit

Exhibit 1

Composition of the Nomination and Remuneration Committee

Sr. No.	Name of NRC Members	Position in the Committee
1.	Shashank Sinha	Chairperson
2.	Ramesh Ramadurai	Member
3.	Kshitij Sheth	Member