

FORTIS HEALTHCARE LIMITED



BOARD OF DIRECTORS GOVERNANCE STANDARDS

[Policy covering Selection, Board Diversity, Remuneration and Evaluation of Board pursuant to sub-section (3) of Section 178 of the Companies Act, 2013 read with Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

**Type: Governance Document
Effective Date: 1st April 2010
Communication Plan: Web**

**Owner: Board of Directors
Review Schedule: Need Based
Privacy Classification: Open General
Version: 7**

**Custodian: Company Secretary
Latest Reviewed: March 20, 2020
Doc. No. FHL/BG/March 2020**

FORTIS HEALTHCARE LIMITED

BOARD OF DIRECTORS GOVERNANCE STANDARDS

Purpose

The Board of Directors of the Company (hereinafter referred to as “**Board**”) is a body of elected or appointed individuals mandated with the responsibility to supervise and guide the affairs of the company and to endeavor that the management works in furtherance of stakeholders’ interests.

The Board’s activities are governed by the powers, duties and responsibilities entrusted to it by external source, which may include a statute or bye-law and depend upon the size and complexity of the company and the industry and nature of business in which it operates.

Apart from statutory duties as entrusted by Companies Act, 2013 (hereinafter referred to as “**the Act**”) and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**SEBI LODR**”) broadly, the main responsibilities of the Board include the overall governance of the company by establishing policies and objectives, reviewing and approving the appointment and performance of its key personnel including the Chief Executive Officer, ensuring the availability of adequate financial and manpower resources, approving strategic plans, setting measurable targets and tracking the same against budgets and accounting for the company’s performance to stakeholders.

This document seeks to provide the standards whereunder the Board of Fortis Healthcare Limited (hereinafter referred to as “**the Company**” or “**FHL**”) operates thereby providing a ready reference document for Board management and operation. It also serves the purpose of a policy document as mandated under sub-section (3) of Section 178 and/or other provisions of the Act, read with provisions of SEBI LODR.

Composition of the Board

The Company is a leading healthcare player in India and believes in having a Board in which Directors should possess the highest level of personal and professional ethics, integrity and values and are committed to representing the long-term interests of the shareholders. The Board should reflect a range of talent, age, skills, character, diversity and expertise, particularly in the areas of accounting and finance, management, leadership, corporate governance and have passion for healthcare so as to provide sound and prudent guidance with respect to the operations & interests of the Company.

In keeping with the current requirements, the Board size will range between ¹6 to ²15 Directors. At least one- third³ of the Board shall consist of independent directors if the chairman of the Board is non-executive director.

¹ Reg 17(1)(c) of SEBI LODR

² Section 149 (1) of the Act

³ Reg 17(1)(b) of SEBI LODR

FORTIS HEALTHCARE LIMITED

The Board should comprise of at least one director who stays in India for a total period of not less than one hundred and eighty-two days during the financial year and shall also have at least one woman independent director⁴.

At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of an unlisted material subsidiary company⁵.

Appointments of Director to the Board shall be made under a formal appointment letter⁶ based on nomination proposals submitted by the Nomination and Remuneration Committee, based on a review of required skill sets and competencies. In making such nomination, the Chairman of the Board and the Chair of the Nomination and Remuneration Committee would meet with the candidate to assess suitability, commitment and consent to serve on the Board before making such nomination. In making an assessment on suitability, the Committee will review the educational qualifications, integrity, potential conflicts and any independence concerns that may arise and ensure that the proposed director is meeting all the requirements of the Act read with relevant provisions of SEBI LODR.

In determining the optimal size, the Board should consider the need for effective decision making, legal requirements, best in class industry norms, following special skill sets in terms of schedule V of SEBI LODR to drive corporate needs and complement existing skill sets and the need to staff and effectively manage the various Committees of the Board:

- People of proven business capability, people of integrity and reputation;
- Experience in handling senior level responsibility (especially in large complex organizations) either business or otherwise;
- Ensure members are from diverse background that bring different perspective and experiences;
- Exposure and understanding of corporate governance, systems and control;
- Atleast some members to have capability and experience in healthcare industry;
- Background in finance, risk management and control.

Duties and Responsibilities

The duties of Board members should primarily consist of such duties as prescribed under Section 166 of the Act read with Reg 4(2)(f) of SEBI LODR.

Apart from above, the responsibility of the Board remains that of supervising and overseeing the management of the Company in the conduct of its business of maximizing stakeholder value.

In pursuing this objective the Board is expected to review and provide guidance on subjects including:

⁴ Second Proviso of Sec 149(1) and Section 149(3) of the Act and first proviso to Reg 17(1)(a) of SEBI ODR

⁵ "Material subsidiary" means a subsidiary defined under Policy on determination of Material Subsidiaries framed by Board of the Company.

⁶ Schedule IV (applicable for independent director) of the Act

FORTIS HEALTHCARE LIMITED

- **Strategic Planning:** The Board should review the planning process and provide guidance on the strategic plans, major plans of action, directions and priorities as presented by the Management. This includes the responsibility to review financial plans and capital spends, acquisitions and disinvestments. In discharging this responsibility the Board should ensure alignment with the corporate risk appetite, emerging trends and competitive environment.
- **Risk Management:** The Board should (directly or through its Committee(s)) approve the Risk Management Framework, provide guidance on the risk appetite of the organization, assess material risks identified and mitigation plans or controls implemented to mitigate or manage these risks.
- **Human Resource Management:** With the assistance of the Nomination and Remuneration Committee, the Board should approve the corporate approach to human resource management and compensation to drive a culture of self-confident meritocracy, integrity and quality. It should work to ensure availability, retention and development of quality resources, proper placement, development and planning for succession. The Board is responsible for reviewing the annual resource plan, strategic and individual targets, appraisal processes to evaluate performance and at a minimum the compensation structures and succession plans for senior executives. The Board shall to the extent feasible satisfy itself to the integrity of senior management and implement policies and processes to allow for a free and unrestricted escalation of information in this area including reviewing periodical reports relating to compliance with or material deviation from policies relating to Code of Conduct and Ethics. The Board shall also review and if required approve, significant organizational re-structuring which impacts the risk profile, controls or independence of keys functions within the organization. The Board shall also ensure a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board. The Board function shall also include the selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- **Financial Controls and Information:** With assistance from the various committees including the Audit and Risk Management Committee, the Board should work to review and assure the integrity of the financial information presented by Management including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards. One method of addressing this responsibility is by reviewing the design and operational effectiveness of the Risk Management and Internal Control Framework's implemented and in specific the deficiencies as observed by internal or external assessment of these controls. The Board shall also be responsible for monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- **Corporate Governance:** The Board has top of house responsibility for establishing and driving a culture of governance and ethics. It should do so by reviewing and confirming

FORTIS HEALTHCARE LIMITED

the governance structures relating to the Board, its Committees, the organizational structures with outlined roles and responsibilities, MD/CEO and Chairman mandates and the policy, risk, control and compliance frameworks.

- **Board Committees:** In fulfilling its responsibilities the Board should work through various established committees (The Audit and Risk Management Committee, The Nomination and Remuneration Committee, the Stakeholders' Relationship Committee, The Corporate Social Responsibility Committee or such other Committees as it may decide) under approved mandates and the expectation that the Committee's Chairman provide with a regular update on material issues discussed and decisions taken at the respective Committees to the entire Board of the Company.

Expectations

- (a) Board members are expected to attend meetings of the Board and any committees to which they have been appointed, having reviewed the preparatory material in advance and to participate in the ensuing discussions to further the best interests of the Company and its stakeholders.
- (b) The members are expected to avoid any conflict of interest vis-à-vis the Company, maintain independence and strive to provide unbiased opinion and input to allow for constructive decision-making in fulfillment of the Boards responsibilities.
- (c) Every member is under obligation to speak without reservation or concern on any suspicion of breaches to approved policies or statutes. Such disclosures, to the extent possible, shall be received in confidence without reprisal or retaliation.
- (d) As a general rule members of the Board are expected to make full disclosure of their external business and to conduct the same in a manner so as not to bring about situation of conflict of interest or such that might compromise their independence. In the event of such situation arising the member is under obligation to discuss (with the Chairman or General Counsel where the need arises to seek clarity and advice on course of action) and report the same to the Board.
- (e) Board members will maintain confidentiality of all information received by them in the course of their association with the Company and are under obligation to make use of such information only for the purpose for which it is shared. This expectation extends to securing, retaining and destruction of all media through which such information is received.
- (f) Given the access of members to price sensitive information and as a prudent measure to nullify any misconception of insider trading, members shall make full and complete disclosure of all trades (including date and price of sale / purchase / encumbrances) in the corporate scripts to the designated officer.
- (g) Any information or asset of the Company received by a member during his/her tenure are held by such member in trust for the Company and must be treated and protected in keeping with the trust reposed. The member is under obligation to return such assets upon conclusion of his/her tenure in a manner as close to the original as is possible in the circumstances.

In addition to above the Non-Executive Independent Director should also adhere to the role and responsibilities as given in **Appendix - I**.

FORTIS HEALTHCARE LIMITED

Tenure

A Non-Executive Independent Director can serve on the Board for a term up to 5 consecutive years and shall be eligible for reappointment for another term of up to 5 consecutive years, if approved by the Board and on passing of a special resolution by the Company which may be done keeping the best interests of the Company and its stakeholders in mind.⁷

A Non-Executive Independent Director, who completes the above mentioned terms, shall be eligible for appointment as an independent director in the Company only after the expiration of three years⁸ of ceasing to be an independent director in the Company.

A Non-Executive Non-Independent director shall be liable to retire by rotation at each Annual General Meeting of the Company, in terms with the provisions of Section 152(6) of the Act. The tenure of an Executive Director shall be guided by resolution of shareholders passed in this regard but should not be more than 3 years at a time.

The Nomination and Remuneration committee is responsible for recommending reappointment of existing members for re-election. In making such recommendation the committee should review the age, skill set, contribution, attendance and length of service on the Board of the candidates.⁹ The retirement age of non-executive director should be of 75 years unless a special resolution is passed to this effect.

Resignation

All resignations by board members must be submitted to the Chairman of the Board/Company Secretary and become effective upon submission. In certain cases, the Board recognizes the prudence of a resignation including in cases of disqualification, conflict of interest, breach of the Code of Conduct or such policy of the Company, causing material and irrevocable loss (in kind or to the reputation and goodwill) to the Company or becoming aware of damaging personal circumstances which would be to the determinant of the interests of the stakeholders. Upon receipt of such resignation the Chairman/Company Secretary is bound to place the same before the next meeting or earlier by circulation as thought prudent. Further, in terms of provisions of SEBI LODR, in case of resignation by Independent Director, following statement shall be made by him:

- a. Detailed reasons for such resignation;
- b. Confirmation that there is no other material reasons other than those provided;

Filling of vacancies

Efforts should be made to fill the vacancies in the Board at the earliest. However, any intermittent vacancy of an independent director shall be filled-up by the Board at the earliest

⁷ Section 149(10) of the Act

⁸ Section 149(11) of the Act

⁹ Reg 17(1A) of SEBI LODR

FORTIS HEALTHCARE LIMITED

but not later than immediate next Board meeting or three months¹⁰ from the date of such vacancy, whichever is later. Provided that where the Company fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.

Chairman of the Board

The Chairman of the Board shall be non-executive member¹¹ of the Board and is not related to the Managing Director or the CEO. His primary function is to provide leadership, oversee and direct the functioning of the Board through effective preparation, organization and conduct of the Board's deliberations in satisfaction of its mandate. In doing so (assisted by the Company Secretary in confirming the logistical arrangements), the Chairman is also responsible for Director selection and development, acting as a communication link between the Board and the MD/CEO and management and as a spokesperson for the Board *qua* internal & external stakeholders & public.

Board Committees

At the current stage of the organizations development the Board endorses the creation of 4 Board Committees.

These being the:

1. The Audit and Risk Management Committee;
2. The Nomination and Remuneration Committee;
3. The Stakeholders Relationship Committee; and
4. The Corporate Social Responsibility Committee

These committees function towards an approved mandate (approved by the Board and are managed by nominated members from the Board). The Board appoints a member as Chair for each committee.

The Chairman has the responsibility of directing the committee, ensuring compliance to approved mandates and reporting on material decisions to the Board.

The Board may constitute such other Committee as it may deem fit.

Compensation

The Nomination and Remuneration Committee should recommend the compensation norms for executive members of the Board on a case-to-case basis for consideration and approval of Board and Shareholders, as per regulatory norms. In making such proposal, the Committee is bound by statutory requirements and should consider workload of Board members as a

¹⁰ Reg 25(6) of SEBI LODR

¹¹ Reg 17(1B) of SEBI LODR

FORTIS HEALTHCARE LIMITED

collective or as individuals, time commitment and responsibility, skill brought to complement existing profile and industry norms.

The remuneration of non-executive directors shall be guided by “Policy on NED Remuneration & Expenses” as attached as **Appendix II**. The Committee may retain and seek help of external consultants in data collection and recommendation formulation for the Board compensation policy and practices.

Access to Management and Specialists

In fulfilling its responsibilities, the Board and each committee of the Board has the authority to engage external advisors and in that regard to set and pay compensation for those advisors without obtaining any management permission. In a similar vein, the Board and its committees have access to management and employees of the Company in a form and manner as they may think appropriate.

The Chairman of the Board or its committees also has the power to invite any person to attend and participate in the meetings in furtherance of its responsibilities.

Board Support

The Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

The Company Secretary shall provide secretarial support to the Board and its committees and such assistance as may be required in fulfilling its responsibilities and mandate.

In providing such support, the Secretary must ensure that the agenda and all meeting papers to be discussed or which provide an explanation to matters which are the subject of deliberation at a planned meeting are made available to all members.

The Secretary is also responsible for recording minutes of the meeting for circulation to all members before entry into the formal minute books of the Company. The minutes of the meetings are to be supported by a list of action items relating to directions made by the Board or the committee from time to time, which are to be presented for consideration of the next meeting under current status report.

Director Orientation and Education (Familiarization Program)

The Chairman of the Board assisted by the Company Secretary is responsible for developing and sustaining a program for Director orientation and development. The program will accommodate for the needs of new Directors to familiarize them with the functioning of the Company, provide an understanding to the strategic plans, financial reports and terminology used within the organization as also key business issues and risks being faced. In addition the program will also plan for a continuous development plan for existing members under a mixture of internal and external offerings to maintain and upgrade the knowledge and skills

FORTIS HEALTHCARE LIMITED

of the members relevant to the requirements and responsibilities of the Board. All new directors are expected to participate in the orientation program.

Board Evaluation

Evaluation by Nomination & Remuneration Committee / the Board : At least annually, the Nomination and Remuneration Committee or the Board shall evaluate and review the performance of each director individually, Board as a whole, various committees of the Board and may also consider the outcome of evaluation. The members should abstain himself / herself in his/her own evaluation process.

The performance evaluation of Independent Directors of the Company shall be done by the entire Board / Nomination and Remuneration Committee, excluding the Director who is being evaluated and¹² shall ensure that the criteria of independence is duly complied. On the basis of the performance evaluation report, it shall be determined whether to extend or continue the term of appointment of the Independent Director. The evaluation report of committees of the Board shall form basis for continuance and/ or any change in membership or terms of reference of committees.

The criteria for evaluation of Board members should be decided by the Nomination and Remuneration Committee and continually assess how effectively board members are performing their roles against the objectives and the goals they have set for themselves. The evaluation should act as a critical structural tool for assessing Board effectiveness and efficiency.

Evaluation by Independent Directors: The Independent Directors are required to hold at least one meeting in a financial year, without the attendance of non-Independent Directors and members of the management and in that meeting they are required to review the performance of the Non – Independent Directors and the Board as a whole and also review the performance of the Chairperson of the Company after taking into account the views of the directors. In the meeting, the Independent directors should assess the quality, quantity and timelines of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Company Secretary should assist the independent directors in holding and conduction of such meeting and the outcome the meeting should be placed before the Board for its consideration.

Code of Conduct and Ethics

Code of Conduct codifies a standard of conduct that all employees and associates of the Company including members of the Board are expected to abide. This standard assumes a greater significance for Board members as they must not only act but also must be seen to act by all external and internal stakeholders in keeping with these principles. In the event that a situation requires a waiver it is the responsibility of the concerned member in discussion with the Board Chair or General Counsel to seek such a waiver, which can only be provided by the Board.

¹² Reg 17(10) of SEBI LODR

FORTIS HEALTHCARE LIMITED

Any member who engages in any criminal activity, acts in a manner that allows for a conflict of interest situation to occur, knowingly breaches his/her obligation in relation to confidentiality of information, intentionally compromises the integrity of the companies financials, knowingly accepts improper documentation or knowingly brings the reputation of the Company into disrepute shall be subject to disciplinary action including the need for resignation.

Every new Director is expected to review the Code and confirm to the Board his/her understanding and acceptance of its requirements. Each member, on an annual basis, shall also provide an affirmation of compliance. Any violation of the requirements of the Code by a member requires it be brought to the immediate knowledge of the Chairman and to be placed before the next meeting for consideration or earlier at the discretion of the Chairman.

Violation to the Code are viewed with seriousness and can trigger the prudent resignation process subject to the decision of the Board in sitting.

In addition to the Fortis Code of Conduct, the Independent Directors are required to adhere to **Appendix – I**.

FORTIS HEALTHCARE LIMITED

Appendix-1



CODE OF CONDUCT; ROLE AND FUNCTIONS OF INDEPENDENT DIRECTORS

FORTIS HEALTHCARE LIMITED

Type: Governance Document
Effective Date: 1st April, 2014
Communication Plan: Web

Owner: Board of Directors
Review Schedule: Need Based
Privacy Classification: Open General
Version: v.3

Custodian: Company Secretary
Latest Reviewed: Aug 6, 2019
Doc. No. FHL/CCRF/Aug2019

CODE OF CONDUCT; ROLE AND FUNCTIONS OF INDEPENDENT DIRECTORS¹³

I. Guidelines of professional conduct:

An Independent Director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make the independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and Functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;

¹³ Schedule IV of the Act

FORTIS HEALTHCARE LIMITED

- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties¹⁴

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

¹⁴ Reg 17(5)(b) of SEBI LODR and the Act

FORTIS HEALTHCARE LIMITED

Appendix-II



**POLICY ON
NON-EXECUTIVE DIRECTORS' REMUNERATION & EXPENSES**

REIMBURSEMENT AND PAYMENT

FORTIS HEALTHCARE LIMITED

Type: Governance Document
Effective Date: 27th May , 2011
Communication Plan: Web

Owner: Board of Directors
Review Schedule: Need Based
Privacy Classification: Open General

Custodian: Company Secretary
Latest Reviewed: Aug 6, 2019
Doc. No. FHL/PNEDE/Aug2019

POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION & EXPENSES – REIMBURSEMENT AND PAYMENT

1. Overview

The Remuneration of Non-Executive Directors (NED) of the Company is primarily governed by the provisions of Companies Act, 2013 read with Schedule V which together prescribe¹⁵ the overall limit of remuneration. The Board of Directors (including a committee thereof) is authorized¹⁶ to determine the quantum of remuneration for each type of NED.

Apart from remuneration, it is the Company's policy to reimburse the reasonable expenses incurred by Non-Executive Directors ("NED") (including Nominee Directors) in carrying out their duties in connection with the Company ("Duties"). The philosophy being that Directors should not be disadvantaged as a result of incurring genuine business expenses whilst carrying out their duties.

2. Applicability

This paper outlines the entitlements of NED with regard to remuneration and/or reimbursements for the time being in force and shall be applicable to the Non-Executive Directors of the Company only.

Executive Directors would not be covered under the scope of this document and would be governed by the terms of their engagement or such regular expense policies as may be applicable.

3. Board Remuneration

The NEDs are entitled to the following remuneration:

- A. **Sitting fees** of Rs. 100,000 for attending each meeting of the Board and/or any committee of the Board; and

¹⁵Section 197 of Companies Act, 2013 – The total remuneration payable in respect of any financial year shall not exceed eleven per cent of the net profits of that company for that financial year computed in the manner laid down in section 198. Further under Section 197(3), if in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors by way of remuneration any sum exclusive of any fees payable to directors under Section 197(5) (i.e., sitting fees), except in accordance with the provisions of Schedule V.

¹⁶ Section 197(4) of the Act

FORTIS HEALTHCARE LIMITED

- B. **Honorarium** payable for an amount aggregating not exceeding 1% (taken together for all Non-Executive Directors of the Company) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Companies Act, 2013 subject to necessary approvals

No honorarium shall be paid to an NED nominated by a shareholder (Nominee Director) under terms and conditions of investment as may be agreed by the Company.

4. Expenses

4.1 NEDs' costs of necessary expenses incurred will be borne by the Company in accordance with the entitlements set out in paragraphs 4.3 to 4.6 below provided such expenses are reasonable and incurred by the NEDs in connection with the Company's business and for the purpose of carrying out their Duties.

4.2 Individual NED may incorporate personal travel or business with their Company related trips however, any additional expenses incurred as a result of personal travel or business travel (not in connection with the Company's business), including but not limited to extra hotel stay charges, additional air travel, stopovers, meals or transportation will not be reimbursed by the Company.

Expenses associated with the travel companions of a director including but not restricted to spouse, family or friends will also not be reimbursed by the Company.

4.3 Travel

(a) All NEDs may be entitled to air travel by business class and the Company will either arrange and pay for the booking of the flights or will reimburse the costs of business class tickets to the NED. In addition, the Chairman / Vice Chairman shall also be entitled to air travel upto 6 (six) times in a year by First Class, which option shall be exercised judiciously by them.

(b) The Company will arrange for land transportation or reimburse reasonable land transportation expenses incurred by the NEDs during travel for Company business.

The Company, in an effort to support the Board, has identified preferred vendors and negotiated rates which, are reviewed and revised from time to time.

4.4 Visa application costs

All costs incurred in applying for visas for the NEDs will be reimbursed by the Company.

4.5 Accommodation

(a) Where overnight stay is required, accommodation arrangements will be made by the Company in recommended establishments and paid for by the Company; and

FORTIS HEALTHCARE LIMITED

- (b) All incidental charges incurred during such stay, such as telephone, laundry, etc. will be reimbursed by the Company.

The Company, in an effort to support the Board, has negotiated rates with preferred Hotels – which are reviewed and revised from time to time.

4.6 Meals

The Company will reimburse expenditure incurred by NEDs for meals.

5. Entertainment and Business Meetings

Reasonable expenses incurred for Company's Board meetings or other business-related entertainment in connection with the Company's Board meetings will be reimbursed. Supporting documentation must be provided for any such expense, including:

- (a) Date and place of entertainment;
- (b) Nature of expense;
- (c) Names, titles and affiliations of those entertained; and
- (d) Detailed description of the business purpose for the activity.

6. Reimbursement of Expenses

- (a) Expense claims should be submitted in a timely manner;
- (b) Expenses incurred by NEDs will be reimbursed only as provided for in this Policy;
- (c) Official vendor receipts are to be attached to the claims;
- (d) Claims must be dated and signed by the claimant; and
- (e) All claims shall be submitted to Company Secretary's office.

7. ¹⁷Directors and Officers insurance ('D&O insurance')

All Directors are eligible for D&O Insurance for such quantum and for such risks as may be determined by the Board of directors

¹⁷ Reg. 25(10) of SEBI LODR