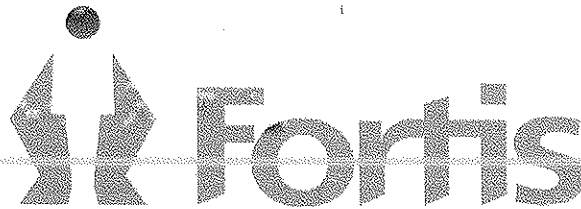


FORTIS HEALTHCARE LIMITED



Policy on Compensation and Benefits
(Based on Compensation and Benefits Manual)

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Fortis Healthcare Limited Policy on Compensation & Benefits (Based on Compensation & Benefits Manual)

1. Introduction:

This Manual is designed to acquaint Employees with Compensation & Benefits (C&B) policies and Processes of Fortis Healthcare Limited. The information contained in this Manual applies to all Employees of Fortis Healthcare. The information is a summary of the company's C&B policies, which are presented here only as a matter of information.

This document is intended to provide information to Employee and is not a comprehensive statement of same. In case of any doubt or conflict the interpretation of Fortis' Corporate HR will be final. Fortis reserves the right to change or amend any or all of the content of this manual at any time.

2. Compensation & Benefits (C&B):

2.1. Definition:

Compensation encompasses the entire range of salaries and benefits, both current and deferred, that employees receive out of their employment with Fortis Healthcare. In the Employment Cost Index, compensation includes the employer's cost of salaries, plus the cost of providing employee benefits. Total Compensation therefore, is a combination:

- Fixed Pay
- Employee Benefits
- Short Term Incentive (STI)
- Long Term Incentive (LTI)

Fixed Pay is the guaranteed salary whereas STI is intended to drive and reward short-term performance. The role of LTI is to retain and reward employees for longer-term performance. Employee benefits are provided to foster employees' sense of being valued and well-being.

2.2. C&B Vision:

Innovate progressive compensation strategies for enhancing wealth to the Employee and Commitment to the organization.

2.3. Scope of C&B:

The policies in this manual cover all employees including **Senior Managerial Personnel & Key Managerial Personnel** on the rolls of Fortis Healthcare and its subsidiaries across all locations in India.

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2.4. C&B Philosophy:

To attract and retain the best talents, Fortis Healthcare will reward and position our Total Cash at 110th percentile in relation to the main competitors for all Top Performers and at 75th percentile for rest of the employees. This enables us to attract competent talents at the growth state of the company. Benefits will be pegged at 50th percentile to provide adequate coverage and be competitive to market practices. Our differentiated pay practice reward individuals based on performance.

2.5. Objectives of C&B:

- To align Compensation Strategies with Organizational goals and values
- To establish Fortis' Compensation Practices as objective and fair
- Attract, retain and motivate the 'best' in the industry
- Positively influence Employee's Commitment, Contribution and Continuity
- To ensure Statutory Compliance

3. Compensation Strategy:

3.1. Compensation Positioning Relative to Market

- **Organization Based Positioning:**
Fortis' total compensation will be positioned at a predetermined percentile of the Market Total Compensation.
- **Performance Based Relative Positioning:**
Employees at various performance levels will be positioned in different 'Performance' bands. The differentiation based on performance will be achieved through Compensation Review Exercise.

3.2. Achieving Internal Parity:

Position and role evaluation exercise is carried out periodically to arrive at the relative internal worth of representative / unique positions / roles within each function. Internal parity will be maintained for each level through the following:

- Classification of similar jobs into levels based on relative worth organization
- Like jobs - like performance - like pay

3.3. Achieving External Competitiveness:

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Fortis' compensation and benefits is benchmarked periodically against 'market' to achieve 'external' parity for different performance bands:

- Measure competitiveness of total compensation, compensation components and Compensation practices with the external market at regular intervals.
- External parity will be maintained with the market, based on 'Relative Market Worth' of each job.
- External Parity will be realized by conducting Compensation Surveys through external consultants and information sharing with select organizations.
- Realistic market worth is arrived at by conducting surveys for specific groups of skills, functions and categories of Employees.

- **Definition of Market:**

For the purpose of external parity, 'market' is defined as Companies:

- To which Fortis loses talent
- From which Fortis sources talent
- Of similar business nature / size of operations and geographical presence

4. Compensation Structure:

Compensation is based on role and level of the Employee. It consists of fixed and variable components. Variable compensation could consist of cash or stock options or both.

Compensation is structured according to the local laws and the prevailing statutory guidelines of the state / country.

4.1. Components of C&B:

- **Fixed Pay**
 - To "Attract" and emphasize individual's commitment to the Organization
 - Pay for the inputs to generate results
 - Pay for consistent performance
 - Pay for value relative to the market
 - Help the Employee in better tax planning
- **Benefits**
 - To "Retain" and help make workplace more positive
 - Comprises of security (retirement benefits / accident insurance) and basic health medical insurance)
 - Benefits at Fortis are a part of Gross Salary.

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- **Short & Long Term Incentive**
- To “Motivate” and reinforce positive performance on desired Organizational factors
- To allow Employees in influencing their own pay progress
- Variable pay comprises both Cash and Stock options

4.2. Pay Mix

In accordance to support our Fortis’ Reward Strategy, the Pay-Mix comprises of three components namely:

- a. Fixed Pay incl. Benefits
- b. Short-Term Incentives (STI)
- c. Long-Term Incentives (LTI)

Pay-Mix is based on Employees’ Bands and the proportion of STI & LTI increases with Seniority. This is due to the increased sphere of influence / impact of their performance on company’s performance.

Given that Pay-Mix is not harmonized / uniform across the Organization / Employee Bands at present, accordingly below shall apply for all new hires and for the existing Employees the same shall be achieved over a period of time / performance review cycles.

5. C&B Policies:

5.1. Compensation Review Policy

Compensation Reviews at Fortis are governed by the provisions of the Compensation Review Policy, which is released by the Human Resources each year. The policy is drafted by the C&B team, reviewed by Head - HR and authorized by Executive Committee (EXCO) before a final approval from **Nomination & Remuneration Committee**.

Compensation policy gives details w.r.t. the eligibility and quantum of Compensation Reviews at various performance levels across Employee roles / bands.

5.2. Variable Pay Policy:

The eligibility and payment of variable pay is determined by the annual Variable Pay Policy released by Human Resources.

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6. C&B Process

6.1. Compensation Review Process

'Compensation Review Process' elaborates the steps involved in the review of fixed compensation of Employees.

6.2. Compensation Process - Fixed

'Compensation Process-Fixed' details the process of fixing the compensation for new Joinees.

6.3. Compensation Process - Variable

'Compensation Process-Variable' elaborates the steps involved in the computation and payment of Variable Pay as per the policy.

6.4. Rewards & Recognition (R&R) Process

Rewards and Recognition Process details the steps involved in the following R&R schemes at Fortis:

- Long Service Awards
- Sparkle Awards (Bi-Annual)
- Operation Excellence Awards (Half Yearly / Annual)
- Values Awards (Annual)
- Win Nurse Awards (Annual)
- Nursing Week Awards