

3M INDIA LTD	Dept: HUMAN RESOURCES	Page 1 of 3
HR POLICY MANUAL	Topic: Compensation Policy	Date: June 2022

1. COMPENSATION PRINCIPLES OF 3M INDIA LIMITED

1.1 We are a pay-for-performance company:

Our compensation programs are tied to both individual and company performance

1.2 3M's growth and profitability impact employees since we share both risks and gains of the business. We ensure our pay is competitive, which allows us to attract and motivate a well- qualified, diverse workforce:

- We regularly benchmark our pay to be competitive with other premier companies
- Total cash compensation at median

1.3 We are committed to fair and equitable pay:

- We differentiate our pay based on individual roles, responsibilities, skill set and performance
- Our pay is consistent with other similar jobs both at 3M and other companies
- Our pay programs comply with all applicable laws, regulations and requirements

1.4 We provide resources to better understand 3M's total pay system:

- We provide information to help better understand the components of our competitive pay and high-performance culture

2. SCOPE & ELIGIBILITY

2.1 All permanent employees of 3M India including Whole-time Directors of the Company and Key Managerial Personnel (KMPs)

3. GUIDELINES FOR MERIT INCREASES

3.1. As an Annual Activity, Total Rewards & Services (TRS) team works closely with the Global Market Pricing (GMPP) Process Experts to determine the worth of each job by doing a market benchmark study.

3.2. As a process, Asia Process Experts Team conducts Bench Marking Exercise with the Global Salary Consultants, Willis Towers Watson & Mercer.

3M INDIA LTD	Dept: HUMAN RESOURCES	Page 2 of 3
HR POLICY MANUAL	Topic: Compensation Policy	Date: June 2022

3.3. 3M Benchmarks and compares itself with Total Cash which includes Fixed pay and Variable pay

3.4. Total Rewards & Services (TRS) team selects the comparator basket/peer companies from the Participant list based on the companies we recruit and lose our talent. These companies becomes our comparator list to determine the compensation rates.

3.5. Process Experts after finalization of peer companies from 3M India shortlisted companies (Peer companies) to understand their roles and map them to their frame work. Post which, they compare the roles and compensation as per the mapping exercise. Upon this exercise, Process Experts, based on the mapping & market median draw the Market Reference Point (MRP).

3.6. Based on the above guidelines, Process Experts Team determine the pay range and share with the Country Operations Leader providing market data and Budget for the year.

3.7. The approved MRP are used for the Annual Merit increase exercise along with the Performance descriptors. Total Rewards & Services Team runs ASR simulation and Mitigation Plan for the Company.

3.8. Simulated analysis are presented to the Leadership Team and conducts the Supervisors ASR Communication for the year. A detailed timeline for the Annual Merit Increase exercise is shared to the Leaders.

3.9. Total Rewards & Services Team further extracts the Annual Increase for the Managing Director and the Leadership Team and shares with the Company Secretary for Board's Approval with the Annual Salary Exercise framework carried out for the year.

4. NON-EXECUTIVE, INDEPENDENT DIRECTORS

As per the Policy followed by the Company the Non-Executive, Independent Directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings and Commission as fixed by the Board of Directors from time to time subject to statutory provisions.

3M INDIA LTD	Dept: HUMAN RESOURCES	Page 3 of 3
HR POLICY MANUAL	Topic: Compensation Policy	Date: June 2022

5. PROCESS OF APPROVAL

Total Rewards & Services team works closely with the Global Market Pricing Process Experts, Area Total Rewards Leader, Country Operations Leader, Operations Partners, Business leader(s), Managing Director.

6. APPLICATION OF THE REMUNERATION POLICY

The above Remuneration Policy shall continue to guide all future employment of Directors, all permanent employees of 3M India including Whole-time Directors of the Company and Key Managerial Personnel (KMPs).

Any departure from the policy can be undertaken only with the approval of the Board of Directors.