



## REMUNERATION POLICY

### 1. PREAMBLE

Vivimed Labs Limited (the "Company") has formulated this policy to provide a framework for remuneration of members of the board of directors of the Company (the "Board"), key managerial personnel, and other employees of the Company (the "Policy").

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 (the "Act") and regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

### 2. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- 2.1. Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees and commission. The remuneration/ commission/compensation to the NEDs will be determined by the Nomination and Remuneration Committee ("Compensation Committee") and recommended to the Board for its approval.
- 2.2. As approved by the shareholders at the shareholders meeting held on September 30, 2011, commission will be paid at a rate not exceeding 1 % per annum of the profits of the Company computed in accordance with applicable provisions of the Act. The Commission to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.
- 2.3. The payment of the Commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Compensation Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 2.4. Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
- 2.5. NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.

### 3. REMUNERATION OF EXECUTIVE DIRECTOR

- 3.1. The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the Compensation Committee will be within the overall limits specified under the Act.

- 3.2. The elements of compensation of the executive director include the elements as described in 4 below.
- 3.3. The Compensation Committee will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.
- 3.4. The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP Scheme shall be approved by the Compensation Committee.
- 3.5. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
- 3.6. Executive directors will not be paid sitting fees for any Board/ committee meetings attended by them.

#### **4. REMUNERATION TO KEY MANAGERIAL PERSONNEL / OTHER EMPLOYEES**

- 4.1. The Company's total compensation for Key Managerial Personnel as defined under the Act / other employees will consist of:
  - fixed compensation
  - variable compensation in the form of annual incentive
  - benefits
  - work related facilities and; perquisites
- 4.2. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP Scheme will be approved by the NR Committee.
- 4.3. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance.
- 4.4. The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.
- 4.5. Based on the grade and seniority of employees, benefits for employees include:
  - Health-Related
  - Health (hospitalization) insurance
  - Accident and life insurance
  - Retirement-related
  - Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)
- 4.6. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.
- 4.7. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.
  - Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
  - Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP scheme

will be to reward employees for their contribution to the long term growth and profitability of the Company by providing a platform to share the value they create for the Company.

- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

## **5. COMMITTEE MEMBERS INTEREST**

- 5.1. A member of the Compensation Committee is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
- 5.2. The Compensation Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Compensation Committee.

## **6. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION**

- 6.1. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the Compensation Committee.
- 6.2. The policy may be reviewed at such intervals as the Board or Compensation Committee may deem necessary.
- 6.3. Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.