

NOMINATION AND REMUNERATION POLICY

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Aragen Life Sciences Limited

Nomination and Remuneration Policy

1. Background

Aragen Life Sciences Limited (“**Company**”) believes in having a Board with diverse experience, knowledge, and skills that help fruitful deliberations at the Board level and guidance to the Management in achieving the strategic objectives and goals of the Company keeping in mind the short-term and the long-term interests of the shareholders, and having the right Management team i.e., the Key Managerial Personnel and the Senior Management to run the operations of the Company successfully and achieve the objectives of the Company year on year. To this end, it is essential that the Board of Directors and the Management team are identified and selected carefully and compensated suitably during their association.

The Companies Act, 2013, as amended from time to time and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Listing Regulations”) (together referred to as “Applicable Law”) prescribe certain guidelines for and regulate the appointment, term, remuneration, etc., of the Board of Directors, and the Key Managerial Personnel and the Company needs to align its policies with that of the Applicable Law.

The Company has to put in place necessary systems of familiarization of directors with the industry and the Company and their legal roles and responsibilities, succession planning to ensure continuity of availability of the expertise, and evaluation of performance on a periodical basis.

The Nomination and Remuneration Committee (NRC/Committee) of the Board is entrusted with the responsibility of formulating the necessary framework and policies in this connection.

Accordingly, this Nomination and Remuneration Policy seeks to provide a broad framework for (a) determining qualifications and positive attributes of the director and independence of the director; (b) remunerating the directors on the Board for attracting and retaining qualified and experienced directors, motivating such directors of the quality required to run the Company successfully, and ensuring equitable remuneration having regard to the profile and the contribution that the directors could make; (c) remunerating the Key Managerial Personnel, Senior Management and other employees having due regard to the principles of fairness and equity, principles of transparency, and applicable law; (d) recommending appropriate performance criteria for evaluation of the performance of the Board members and the Management team; and (e) establishing succession plans.

2. Policy for appointment of Directors and Management team

I. Appointment criteria.

- a. The person to be appointed as Director/KMP/Senior Management shall have the integrity, qualification, expertise, and experience required for the position.
- b. Directors should be selected from a wide range of backgrounds having due regard to diversity and after ascertaining the time commitments of such persons. If required, services of external agencies shall be used for the purpose.
- c. The proposed whole-time KMP of the Company shall not hold office in more than one company except in the Company’s subsidiary at the same time. However, such a whole-time KMP may be

appointed as Director in any company with the permission of the Committee/Board of the Company.

- d. For every appointment of an independent director, the Nomination and Remuneration Committee 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 identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a) use the services of an 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.

II. Term

The Whole-time/Independent Directors shall not be appointed for a term exceeding the period as specified under the Applicable Law nor their appointment shall interfere with any provisions of the law such as retirement by rotation.

III. Retirement/Removal

- a. The Directors and the Management team member shall retire as per the applicable provisions of the relevant laws. However, the Committee may recommend retention of any of the Directors/Management team member in the same position/remuneration or otherwise in the interests of the Company, subject to approvals as may be required under relevant law.
- b. The Committee may recommend the removal of a Director or the Management team member specifying the reasons recorded in writing which may include the result of any evaluation of their performance, any disqualifications mentioned in the relevant law, any violation of code of conduct, etc.
- c. The Committee may take appropriate decisions concerning the severance pay and terms of exit by the Director or the Management team member.

IV. Familiarization programs

The Committee will review and strengthen the familiarization programs of the Company to ensure the Non-Executive Directors are provided with adequate information regarding the business, the industry, and their legal responsibilities and duties.

3. Policy on Remuneration to Directors and the Management team

A. General.

The managerial remuneration shall not exceed the limits specified under the Applicable Law, without the shareholders' approval as provided in the Applicable Law.

A director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

B. Remuneration for Non-Executive Directors

- i. The Remuneration to be paid to the Directors shall be determined by the Committee and recommended to the Board for approval.
- ii. Following criteria, among others, may be considered while determining the remuneration to be paid to the Non-Executive Directors:
 - a. Qualifications
 - b. Experience
 - c. Other directorships
 - d. Likely specific contribution to the Company
 - e. Ability to participate/head committee(s) of the Board
 - f. Ability to contribute to the corporate governance in the Company
 - g. Ability to contribute to the development of medium/long-term strategy for the Company
- iii. In addition to the sitting fee for attending Board and Committee meetings, the Non-Executive Directors shall be entitled to a remuneration structure as determined by the Board from time to time, payable every financial quarter, half-yearly, or annually, as may be decided.
- iv. The compensation may be structured to include fixed and variable pay.
- v. The Non-Executive Independent Directors shall not be entitled to any stock options.
- vi. Reimbursement of Expenses to Non-Executive Directors:

The Non-Executive Directors shall be reimbursed for expenses incurred in connection with undertaking their duties and attending meetings. This may include travel and accommodation, conveyance expenses; and any other expense incurred in connection with the performance of duties as directors.

C. Appointment and remuneration to Executive Directors

- i. The Executive Directors shall be employed under executive service contracts. All terms of their remuneration shall be fixed by the Nomination and Remuneration Committee of the Board of Directors and shall be subject to the approval of the General Meeting of the Shareholders as per the applicable law.
- ii. The remuneration of the Executive Directors shall comprise a combination of fixed and performance-based pay. The remuneration may also comprise of performance bonus payable on achievement of Key Result Areas every year as established by the Committee and Stock Incentives which are either time-based or performance-based (including valuation based) or event based as per the policy of the Company.
- iii. The remuneration to the Whole-time Directors shall be assessed annually by the Committee. Increments to the existing remuneration/compensation structure of the Whole-time Directors may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders.
- iv. Where any insurance is taken by the company on behalf of the Whole-time Directors, or the Key Managerial Personnel for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty, or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel, provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- v. The Executive Directors shall not receive any remuneration including sitting fees for directorships in the wholly-owned subsidiaries of the Company.

D. Remuneration to the Management team:

The remuneration to the Management team shall be structured to have Base/Fixed Pay, Performance Bonus payable on achievement of Key Result Areas every year as established by the Committee, and Stock Incentives which are either time-based or performance-based (including valuation based) or event based in the form of RSUs/Stock Options or any other instrument as may be legally permissible and determined by the Committee and such Incentive Plans as are approved by the shareholders of the Company. The remuneration shall be designed to ensure its continued alignment with the achievement of organizational goals and market trends.

E. Remuneration to other employees:

The remuneration in respect of other employees shall be as per the Compensation Policy of the Company as revised through the annual Performance Appraisal process and from time to time as may be determined by the Chief Executive Officer in consultation with the Chief Human Resources Officer.

4. Succession plans

The Committee shall develop necessary succession plans for the directors on the Board and the Senior Management to maintain the continuity of availability of the expertise required for the relevant position.

5. Criteria for Board evaluation

Among other appropriate criteria which the Committee may recommend from time to time for formal evaluation of the performance of the individual directors, Committees of the Board, and independent directors, the following criteria shall be considered:

- the ability to contribute to and monitor the corporate governance in the company;
- active participation in the development of medium/long-term strategy for the Company;
- active participation in the board and Committee meetings;
- ability to guide the management in adopting best practices to address business challenges and risks etc.

The directors who are subject to evaluation shall not participate in the evaluation by the Board.

The evaluation of independent directors shall be done by the entire board of directors and such evaluation shall include the fulfilment of the independence criteria by such directors.

Where external agencies are proposed to be engaged to conduct the evaluation, the detailed scope of engagement of the agency shall be finalized by the Committee.

6. General

A. Review

The Committee shall review the Policy from time to time and shall make appropriate recommendations to the Board. In case any of the provisions of the Policy are inconsistent with the Applicable Law, then the provisions of the Applicable Law would prevail over this Policy.

B. Disclosures

This Nomination and Remuneration Policy as updated from time to time shall be disclosed to the shareholders in the relevant sections of the Annual Report, as per the provisions of the Applicable Law.

C. Applicable Law to prevail in case of conflict

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

D. Amendments

Any subsequent amendment/modification in the Listing Regulations, Act, and/or applicable laws in this regard shall automatically apply to this Policy.

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