

NOMINATION AND REMUNERATION POLICY

INTRODUCTION

The Board of Directors (the “Board”) of Healthy Biosciences Limited (the “Company”) has approved the policy on the Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel (“Policy”) and has been formulated at its Meeting held on 15th December, 2023 in accordance applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”).

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (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, as amended (“SEBI Listing Regulations”) and other applicable laws (hereinafter referred to as “Relevant laws”), 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. The Board has constituted a nomination and remuneration committee (the “NR Committee”) which is in compliance with the requirements of the relevant laws.

OBJECTIVES

The NR Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”).
- Formulate the criteria for evaluation of performance of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and SMP.
- Devise a policy on diversity of Board;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

EFFECTIVE DATE

This Policy has been formulated by the NRC Committee and adopted by the Board at its meeting held on 15th December, 2023 and is operational with immediate effect.

DEFINITIONS:

- **“Board” or “Board of Directors”:** - Board or Board of Directors means the board of directors of the Company;
- **“Director”:** - Director means Director of the Company appointed in accordance with the Act;
- **“NR Committee”:** - NR Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time;
- **“Company”:** - Company means “Healthy Biosciences Limited”.
- **‘Independent Director’** means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- **“Key Managerial Personnel”:** - Key Managerial Personnel or KMP means-
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer;
 - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
 - (vi) such other officer as may be prescribed or defined under the Act
- **“Senior Management Personnel”:** - Senior Management’ Personnel includes personnel of the Company who are members of its core management team and are, one level below the Chief Executive Officer / Managing Director / Whole-time director. These are functional heads, Consultants and shall include any other officer as determined by the NR Committee and the Board from time to time include full time Consultants.
- Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

CONSTITUTION OF THE NRC COMMITTEE

The Board has the power to constitute/ re-constitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement.

APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT

A) Appointment

- The NR Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Act, rules made thereunder, or any other enactment for the time being in force.

- The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Act, rules made there under, and any other enactment for the time being in force which is applicable to the Company.

B) Term / Tenure:

Executive Chairman/ Whole-time Director/ Managing Director

The Company shall appoint or re-appoint any person as its Executive Chairman or Whole-time Director or Managing Director for a term not exceeding five years at a time or as may be prescribed under the Act. No re-appointment shall be made earlier than one year before the expiry of term.

Independent Director

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on October 1, 2014 or such other date as may be determined by the NR Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company, or such other number as may be prescribed under the Act.

C) Removal

Due to reasons for any disqualification mentioned in the Act, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the NR Committee may recommend to the Board for removal of a Director, KMP or SMP subject to the provisions and compliance of the said Act, rules and regulations.

D) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

REMUNERATION

The NR Committee will recommend the remuneration to be paid to the Executive Chairman, Managing Director, Whole-time Director and KMP to the Board for their approval.

I. Remuneration to Non-Executive and Independent Directors

The Non- Executive Director may receive sitting fees for attending meetings of Board or NR Committee thereof. The remuneration/ commission/ compensation to the Non-Executive Directors will be determined by the NR Committee and recommended to the Board for its approval.

NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.

The remuneration payable by the Company to Non-Executive Directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

II. Remuneration to Executive Directors

The compensation paid to the executive directors (including Managing Director and Whole Time Directors) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.

The elements of compensation of the executive director include the elements as described below.

The NRC 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.

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 NRC.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

III. KMP / SMP/ other employees

The Remuneration to be paid to KMPs/ SMPs shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Act, and rules made there under or any other enactment for the time being in force.

CHAIRPERSON

Chairperson of the NR Committee shall be an Independent Director.

Chairperson of the Company may be appointed as a member of the NR Committee but shall not be a Chairperson of the NR Committee.

In the absence of the Chairperson, the members of the NR Committee present at the meeting shall choose one amongst them to act as Chairperson.

Chairperson of the NR Committee meeting could be present at the annual general meeting of the Company or may nominate some other member to answer the shareholders' queries.

FREQUENCY OF MEETINGS

The meeting of the NR Committee shall be held at such regular intervals as may be required.

NR COMMITTEE MEMBERS INTEREST

A member of the NR 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.

The NR Committee may invite such executives, as it considers appropriate, to be present at the meetings of the NR Committee.

ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

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

DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the annual report of the Company.
