



REMUNERATION POLICY

1. POLICY OBJECTIVES

The objectives of this policy are to:

- 1.1 Determine the level and composition of remuneration that will attract, retain and motivate directors, senior managerial personnel (including KMPs) and other employees of the Company;
- 1.2 Provide a balance between fixed and incentive pay package taking into consideration the performance, industry practices and cost of living; and
- 1.3 Maintain aggregate employee benefits expense within a sustainable range of the Company.

2. POLICY PRINCIPLES

The process of remunerating shall remain transparent, unbiased and conducted after appraisal of the performance of each director and employee in accordance with his / her roles and responsibilities within the organisation against appropriate performance benchmarks. The Company shall strive to pay an equitable remuneration, capable of attracting and retaining high quality personnel taking into consideration the industry practice and cost of living. The Company entrench the culture of performance driven remuneration through the implementation of the Performance Linked Incentive System. The Company shall ensure that total remuneration does not affect the profit margins of the Company.

3. REMUNERATION TO DIRECTORS

3.1. Payments to Directors by way of remuneration, sitting fee, commission are subject to the approval of Board and Members of the Company and restricted to the overall maximum managerial remuneration under Section 197 of the Companies Act, 2013.

3.2. Appointment / re-appointment of Executive Directors shall be on contractual basis. The Nomination and Remuneration Committee shall identify qualified person for the position of Executive Director and recommend their remuneration to the Board of Directors. Such proposal, with or without modification, shall be recommended by the Board to the Members of the Company for approval.

3.3. The Remuneration to Executive Director shall take into account the Company's overall performance, Executive Director contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance growth environment.



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3.4. Remuneration to Executive Director shall include fixed components of salary, allowances, medical insurance premium, perquisites and retirement benefits as may be decided by the Nomination and Remuneration Committee from time to time payable on monthly basis and incentive pay by way of commission on net profits. The total remuneration is restricted within the overall maximum managerial remuneration under Section 197 of the Companies Act, 2013.

3.5. Non-executive directors (including independent directors) shall be paid sitting fee for every meeting of the board attended by them as member. In addition, they shall be paid commission upto an aggregate amount not exceeding 1% of the net profits of the company for the year. The amount of commission shall be determined by the Board based on their attendance, time and effort devoted and any other contribution to the organisation.

3.6. The period of office of non-executive directors shall be liable to determination by retirement of directors by rotation except for independent directors who shall be appointed for a five year term not liable to retire by rotation.

3.7. In the event of absence or inadequate profit in any financial year the overall remuneration to Executive Directors shall be governed by Section II of Part II of Schedule V of Companies Act, 2013.

4. REMUNERATION OF SENIOR MANAGERIAL PERSONNEL INCLUDING KEY MANAGERIAL PERSONNEL

4.1. Remuneration to senior managerial personnel is fixed at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals. The fixed component of remuneration shall include salary, allowances, medical insurance premium, perquisites and retirement benefits as may be determined by the Nomination and Remuneration Committee. In addition, senior managerial personnel shall have variable incentive linked with performance of previous year which shall be decided year on year basis by the Nomination and Remuneration Committee. Exgratia / rewards are payable to senior managerial personnel on outstanding performance of the Company as a whole.

5. REMUNERATION OF OTHER EMPLOYEES

5.1. The Remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks. In addition to basic salary they are also provided with allowances, perquisites and retirement benefits as per schemes of the Company and statutory requirements, wherever applicable. Exgratia / rewards are payable to other employees on outstanding performance of the Company as a whole.



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6. OTHER PROVISIONS

6.1. This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors. Any departure from the policy can be undertaken only with the approval of the Board of Directors.

6.2. The company shall disclose this remuneration policy on the website.

REVIEWED AND ADOPTED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 26TH MAY, 2022.

CHEVIOT COMPANY LTD.