Living Wage Policy

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PREPARED BY:	Harshita Suthar (Sr. Executive - HR)
SIGNATURE:	30/03/026
REVIEWED BY:	Anit Nair (AGM – HR)
SIGNATURE:	31/03/2026
APPROVED BY:	Sudhesh Mishra (COO)
SIGNATURE:	

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1. Introduction

Farmson Basic Drugs Pvt. Ltd. ("Farmson" or "the Company") recognizes that fair and adequate compensation is fundamental to responsible employment practices, employee welfare and sustainable business operations. The Company believes that employees and workers should receive remuneration that enables them to meet their basic needs and maintain a decent standard of living for themselves and their families. Farmson is committed to promoting fair compensation by complying with applicable statutory wage requirements and assessing remuneration against credible living wage benchmarks.

Farmson Basic Drugs Pvt. Ltd. is committed to promoting fair compensation, protecting the economic well-being of its workforce and continuously improving responsible employment practices. Through regular assessments, transparent monitoring and appropriate corrective measures, the Company strives to ensure that employees and workers engaged in its operations are treated with dignity, fairness and respect and receive remuneration that supports a decent standard of living.

2. Purpose

This policy establishes a consistent framework for assessing, implementing and monitoring living wage practices across all Farmson units and operational locations. It aims to ensure statutory wage compliance; assess remuneration against recognized local living wage benchmarks; promote fair, transparent and non-discriminatory compensation; identify and address wage gaps; and extend responsible wage practices to contractual and outsourced workers.

3. Scope

This Policy applies to every person engaged with the FARMSON for any work whatsoever, on a regular, contract, trainees, apprentices, probationer, and interns.

4. Definitions

The definitions of some of the key terms used in this Policy are given below.

a) **Living Wage**: Remuneration received for normal working hours that is sufficient to afford a decent standard of living for a worker and their family, considering local economic and social conditions.

b) **Minimum Wage**: The statutory minimum remuneration prescribed by the appropriate government authority under applicable law.

c) **Direct Employees:** Individuals employed directly by Farmson.

d) **Non-Employee Workers**: Individuals engaged through contractors, manpower agencies or other arrangements who perform work for or on behalf of Farmson.

e) **Living Wage Benchmark**: A credible reference value representing the estimated remuneration required to meet essential living expenses in a particular geographical location.

5. Policy Commitment

Farmson is committed to promoting and maintaining fair compensation practices that support a decent standard of living for its workforce. The Company recognizes that statutory minimum wages represent the legal baseline and may not necessarily reflect the actual cost of living. Farmson shall periodically assess remuneration against appropriate living wage benchmarks and strive to ensure that all directly employed employees receive wages at or above the applicable benchmark. The Company shall also extend assessment and improvement efforts to contractual and outsourced workers through appropriate monitoring and engagement with contractors and manpower agencies.

To ensure 100% personnel receive wages which complies to prevailing living wage and minimum wage declared by government.

6. Compliance With Statutory Wage Requirements

Farmson shall comply with applicable Indian labour and wage legislation, including the Code on Wages, 2019, applicable rules and relevant Central and State Government notifications, as in force. The Company shall ensure payment at or above applicable statutory minimum wage rates, timely and full payment of wages, compliance with applicable working-hour and overtime provisions, payment of applicable statutory benefits and contributions, and maintenance of appropriate payroll and wage records. Statutory minimum wage compliance shall be monitored separately from living wage benchmarking.

7. Living Wage Benchmarking & Assessment

Farmson shall conduct living wage assessments at least annually to evaluate whether employee and worker remuneration meets or exceeds the applicable benchmark. The assessment shall use credible and recognized methodologies, including the IDH/Anker methodology where suitable local data is available, and shall consider location-specific estimates, local cost-of-living conditions, worker categories, remuneration for normal working hours and documented calculation assumptions. Relevant essential expenses include nutritious food and drinking water, adequate housing and utilities, healthcare, education and childcare, transportation, clothing and other household necessities, and a reasonable provision for unforeseen expenses. Where operations are situated in different geographical locations, appropriate location-specific benchmarks shall be considered. Assessment methodology, source, date and results shall be documented.

8. Fair & Equitable Compensation

Farmson is committed to fair and equitable remuneration without discrimination on grounds prohibited by applicable law. Compensation decisions shall be based on objective job-related factors such as role and responsibilities, qualifications, skills, experience, job grade, relevant industry standards, performance and statutory requirements. The Company shall periodically review compensation practices to identify and address unjustified wage disparities across employee categories and demographic groups.

9. Contractual & Outsourced Workers

Farmson shall work with contractors and manpower agencies to promote compliance with applicable wage requirements and responsible compensation practices. The Company shall communicate applicable requirements, obtain and review relevant wage payment and statutory compliance records, monitor timely payment, assess contractor workforce remuneration against appropriate living wage benchmarks where relevant data is available, and initiate corrective measures in cases of identified wage-related non-compliance. Farmson shall encourage relevant suppliers and business partners to adopt similar responsible wage practices.

10. Wage Gap Identification and Corrective Action

Where an assessment identifies any employee or worker receiving remuneration below the applicable living wage benchmark, Farmson shall identify the affected category, assess the difference between actual remuneration and the benchmark, evaluate the reasons for the gap, prepare an appropriate wage improvement plan, implement approved wage revisions or other corrective measures, and monitor and document progress. Corrective actions shall have defined responsibilities and reasonable timelines, subject to management approval.

11. Periodic Review and Monitoring

Statutory minimum wage notifications shall be reviewed at least every six months or whenever required by law. Living wage benchmarking shall be conducted at least annually and when significant changes in local living costs or benchmark data warrant reassessment. Corporate Human Resources shall coordinate the company-wide assessment, obtain unit-level information, consolidate results for all units, monitor corrective actions and present material findings to management. The assessment shall be reported both unit-wise and on a consolidated company-wide basis.

12. Employee Communication and Grievance Redressal

Employees and workers may raise concerns regarding wage payments, compensation discrepancies or other remuneration-related matters through established HR and grievance redressal channels. Concerns shall be reviewed objectively and addressed within a reasonable timeframe. No employee or worker shall face retaliation for raising a genuine concern in good faith.

13. Roles & Responsibility

Corporate Human Resources: Own and implement this policy; coordinate benchmarking; consolidate unit-wise data; maintain records; identify wage gaps; and monitor corrective actions.

Finance: Support wage analysis and budgeting, provide relevant payroll information and process approved remuneration.

Unit Heads and Department Heads: Support implementation, provide accurate information and coordinate with Corporate HR.

Contractors and Manpower Agencies: Comply with applicable wage legislation and contractual obligations, pay workers on time and provide relevant records.

Management: Review assessment findings, approve resources and corrective measures, and oversee the Company's commitment to fair compensation.

14. Record & Documentation

Farmson shall maintain appropriate records, including living wage benchmark sources and assessment reports; unit-wise and consolidated wage assessment summaries; applicable minimum wage notifications; payroll and wage payment records; contract worker wage compliance records; wage gap analysis and corrective-action reports; periodic review and management approval records; and wage-related grievances and their resolution.

Review of Policy

The Policy shall be reviewed on or before 31st, March 2029.