

AUSTERE SYSTEMS LIMITED

NOMINATION AND REMUNERATION POLICY

(Effective from Thursday, 1st Day of August 2024 approved by Board of Director on Thursday, 1st Day of August 2024)

1. INTRODUCTION

1.1. Austere Systems Limited ("**Company**") recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the Nomination and Remuneration Policy ("**Policy**") for its directors, key managerial personnel and other employees as required under the provisions of the Companies Act, 2013 ("**Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") keeping in view the following objectives:

- 1.1.1.** Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully.
- 1.1.2.** Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 1.1.3.** Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

2. SCOPE AND EXCLUSION

This Policy sets out the guiding principles for the human resources, nomination and remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. OBJECTIVES

- 3.1.** To ensure an effective process for selection of new directors of the Board and mix of Board Committees which will result in the required mix of skills, experience and responsibilities being present on the Board;
- 3.2.** To lay down remuneration principles for Directors linked to their effort, performance and achievement relating to the company's goals.

4. TERMS AND REFERENCES

In this Policy, the following terms shall have the following meanings:

4.1. “Board” means Board of Directors of the Company.

4.2. “Company” means Austere Systems Limited.

4.3. “Director” means a director appointed to the Board of Directors of the Company.

4.4. “Independent Director” shall mean the independent director appointed on the Board of the Company in accordance with the Companies Act, 2013.

4.5. “Key Managerial Personnel” 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 of Directors; and
- vi. such other officer as may be prescribed under the Companies Act, 2013.

4.6. “Nomination and Remuneration Committee” or **“Committee”** means the committee constituted by Company’s Board of Directors in accordance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

4.7. “Non-Executive Directors” shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company.

4.8. “Senior Management” means officers / personnel who are members of the core management team excluding Board of Directors and normally comprising of all members of Management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Managers and shall specifically include Company Secretary and Chief Financial Officer.

5. Constitution of Nomination and Remuneration Committee

The Board has constituted the “Nomination and Remuneration Committee” of the Board on _____, 2024. This is in line with the requirements under the Act. This Policy and the Nomination and Remuneration Committee Charter are integral to the functioning of the Nomination and Remuneration Committee and are to be read together.

The Board has authority to reconstitute this Committee from time to time

6. ROLE OF NOMINATION AND REMUNERATION COMMITTEE:

- 6.1.** Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors and Key Managerial Personnel;
- 6.2.** 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:
 - 6.2.1.** consider candidates from a wide range of backgrounds, having due regard to diversity;
 - 6.2.2.** consider the time commitments of the candidates; and
 - 6.2.3.** use the services of an external agencies, if required.
- 6.3.** Formulation of criteria for evaluation of performance of Independent Directors and Board of Directors.
- 6.4.** Devising a policy on diversity of Board of Directors.
- 6.5.** Identifying persons who are qualified to become Directors in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- 6.6.** 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.
- 6.7.** Recommend to the board, all remuneration, in whatever form, payable to senior management.

7. Policy for Director and Key Managerial Personnel (KMP):

7.1. Term / Tenure:

7.1.1. 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.

7.1.2. Evaluation:

The Committee shall carry out evaluation of performance of every Director.

7.1.3. Removal:

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

7.1.4. Retirement:

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

8. Policy For Remuneration to Executive Directors and Key Managerial Personnel:

- 8.1.** The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
- 8.2.** The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- 8.3.** The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:
 - (i) Basic Pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options
 - (iv) Commission (Applicable in case of Executive Directors)
 - (v) Retirement benefits
 - (vi) Annual Performance Bonus; and
 - (vii) Any other benefits, as may be applicable.
- 8.4.** The annual plan and objectives for Executive Directors and Key Managerial Personnel shall be reviewed by the Nomination and Remuneration Committee and annual performance bonus will be approved by the Nomination and Remuneration Committee based on the achievements against the annual plan and objectives.

9. Policy for Remuneration to Non-Executive Directors including Independent Directors

- 9.1.** The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders or within statutory limit whichever is higher.
- 9.2.** The Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

10. Duties in relation to Nomination matters:

The duties of the Committee in relation to nomination matters include:

- 10.1.** Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;
- 10.2.** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3.** Identifying and recommending Directors who are to be put forward for retirement by rotation;
- 10.4.** Determining the appropriate size, diversity and composition of the Board;
- 10.5.** Developing a succession plan for the Board and regularly reviewing the plan;
- 10.6.** Evaluating the performance of the Board members in the context of the Company's performance from business and compliance perspective;
- 10.7.** Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- 10.8.** Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.9.** Recommend any necessary changes to the Board; and
- 10.10.** Considering any other matters, as may be requested by the Board.

11. Duties in relation to Remuneration matters:

The duties of the Committee in relation to remuneration matters include:

- 11.1.** Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other

factors as the Committee shall deem appropriate all elements of the remuneration of the members of the board.

11.2. Considering any other matters as may be requested by the Board.

12. Policy Review and Amendment:

12.1. This Policy is framed based on the provisions of the Act and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.

12.2. In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

12.3. This policy shall be reviewed by the Nomination and Remuneration Committee, periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

12.4. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Company Secretary/Compliance Officer where there is any statutory changes necessitating the change in the policy.