

CANARYS AUTOMATIONS LIMITED

(formerly known as Canarys Automations Private Limited)

NOMINATION & REMUNERATION POLICY

I. INTRODUCTION:

The Companies Act, 2013 (“Companies Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) require a listed company to adopt a policy with respect to appointment of Directors and remuneration of Directors, Key Managerial Personnel (“KMP”), Senior Management and other employees.

This policy lays down the criteria for determining qualifications, competencies, positive attributes and independence for appointment of Directors and policies of the Company relating to remuneration of Directors, KMP, Senior Management and other employees.

II. NOMINATION AND REMUNERATION PHILOSOPHY

We believe that human capital is our most important asset required in fulfilling our business objectives. Our human resource philosophy is designed to build a best-in-class organizational culture to attract, nurture and retain talent across levels, globally. We continually strive to foster an environment that enhances skills and leadership qualities among our global teams. We also believe that a well-designed, consistently applied compensation program is fundamental to the creation of sustainable workforce over the long-term.

These objectives are achieved by following a well-defined hiring strategy and compensation program that links performance, efforts and achievements of Directors, KMP, Senior Management and other employees to the Company’s goals and long-term objectives. The compensation structure is merit-based, market-led and benchmarked against industry standards.

The Nomination and Compensation Committee administers and oversees the Nomination and Remuneration Policy and its implementation.

III. APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

Appointment of Directors and KMP and Senior Management personnel is approved by the Board based on the recommendations of the Nomination and Remuneration Committee, and is subject to approval of shareholders, wherever applicable.

The Nomination and Remuneration Committee is guided by its charter and also by the Company's Guidelines, if any in appointment of Directors, KMP and Senior Management personnel and other employees. Among other things, the following criteria is to be considered:

- i. Qualification, expertise and experience in their respective fields such as Information Technology Business, Scientific Research & Development, International Markets, Leadership, Risk Management and Strategic Planning etc.
- ii. Personal characteristics/ Positive Attributes which align with the Company's values, such as integrity, accountability, financial literacy, high performance standards, etc.
- iii. Diversity of thought, experience, knowledge, perspective and gender in the Board.
- iv. Such other criteria as prescribed in the Board or committee from time to time.

In addition, the candidates identified for appointment as Directors should not be disqualified under applicable provisions of the Companies Act 2013. Candidates identified for appointment as Independent Directors should also satisfy prescribed criteria for independence under applicable provisions of Companies Act 2013 and SEBI Listing Regulations.

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.

In case of re-appointment of Independent Directors, the Board Governance, Nomination and Compensation Committee takes into consideration the performance evaluation of the Independent Directors and their engagement level.

The tenure of appointment of a Managing Director, Whole-time Director and Independent Director shall be decided by the Board on the basis of the recommendations of the Nomination and Remuneration Committee and shall be as per applicable provisions of Companies Act 2013 and SEBI Listing Regulations.

The Whole-time Directors, KMP and Senior Management personnel and other employees are subject to retirement and removal as per the applicable provisions of Companies Act, 2013 and prevailing retirement policy of the Company.

IV. REMUNERATION OF DIRECTORS, KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The compensation structure is to be aligned to overall philosophy of the Company to attract, nurture and retain high quality talent. Remuneration of Directors, and KMP shall be approved by the Board based on the recommendations of the Nomination and Remuneration Committee, and shall be subject to approval of the Shareholders, wherever applicable. Remuneration of other employees may be decided by the management of the Company.

In determining the remuneration of Directors, KMP, Senior Management personnel and other employees, the following criteria is considered:

- i. The balance between fixed and variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- ii. Alignment of remuneration of KMP and Directors with long-term interests of the Company and its shareholders;
- iii. Independent Directors and Directors forming part of the Promoter and Promoter Group shall not be entitled to receive stock options.
- iv. Company's performance vis-à-vis the annual achievement, individuals' performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market.

The Independent Directors are entitled to receive remuneration as hereunder;

- i. Sitting fees for each attending meetings of the Board or Committee(s) within the overall limits prescribed under the Companies Act.
- ii. Commission on a quarterly basis, subject to total commission payable to Independent Directors shall not exceed 1% of the net profits of the

Company during any financial year. The commission is payable on pro-rata basis to those Directors who occupy office for part of the year.

iii. Reimbursement of expenses for participation in Board/Committee meetings.

V. DISCLOSURES:

Keeping in spirit with the Company's high standards of governance and transparency, necessary disclosures regarding appointment and remuneration of Directors and KMP shall be made as per requirements of Companies Act 2013 and SEBI Listing Regulations. Such disclosures may be made in the annual report, notice to shareholders, regulatory filings, etc.

VI. REVIEW OF POLICY & AMENDMENTS:

This policy adopted by the Board at their meeting held on 11th August, 2023 based on the recommendation made by the NRC. The NRC may review the Policy from time to time and recommend necessary changes to the Board for approval.

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy. Any change in regulatory provisions, rules, and regulations from time to time, the amended provisions shall prevail upon the corresponding provision of this policy from the effective date of such changes in the provisions.
