



ASM TECHNOLOGIES LIMITED

NOMINATION AND REMUNERATION POLICY

(NRC POLICY)

(Amended and effective April 1, 2023)

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1. Introduction

The Nomination & Remuneration Policy (“Policy”) of ASM Technologies Limited (“ASM” or “Company”) is formulated under the Companies Act, 2013 (“Act”) rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) and other applicable laws (hereinafter referred to as “Relevant laws”)

2. Definitions

"Board of Directors" or "Board", in relation to a company, means the collective body of the Directors of the company

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulation.

“Company” means ASM Technologies Limited

“Independent Director” means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules made thereunder and Regulations of the Listing Regulation, and amendments thereto.

“Key Managerial Personnel (KMP)” means -

- i) the Managing Director or Chief Executive Officer or 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) Any other person as defined under the Act from time to time

“Policy” means Nomination and remuneration & Board Diversity policy of the Company.

“Senior Management” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

3. Purpose and Objective

The objectives and purpose of this Policy are:

- To formulate the criteria for determining qualifications, competencies, positive attributes, and independence for appointment of a director (Whole-Time/ Non-Executive/ Independent) of the Company (“**Director**”); and
- To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the Whole-Time Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve Whole-Time Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

4. Constitution of the Nomination and Remuneration Committee

The Board has the power to constitute / reconstitute the Committee from time to time in order to make it consistent with Company’s policies and applicable statutory requirements.

The Committee shall consist of such number of directors as specified by the relevant applicable laws. The Membership of the Committee shall be disclosed in the Annual Report.

5. Key objectives and the role of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall be responsible for the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, managerial personnel and other employees.

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

2. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that —
 - I. The level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
 - II. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - III. remuneration to directors, managerial personnel and senior management 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.
3. Formulation of criteria for evaluation of independent directors and the Board.
4. Devising a policy on Board diversity.
5. Analysing, monitoring and reviewing various human resource and compensation matters.
6. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors.
7. Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component.
8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws.
9. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance (including independent director).
10. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of directors; and
11. Carrying out any other functions required to be undertaken by the Nomination and Remuneration Committee under applicable law.

12. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:
 - a) administering the ESOP if any. (Plan);
 - b) determining the eligibility of employees to participate under the Plan;
 - c) granting options to eligible employees and determining the date of grant;
 - d) determining the number of options to be granted to an employee;
 - e) determining the exercise price under the Plan; and
 - f) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan.
13. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of directors.

6. Policy for Appointment and Removal of Directors, KMP and Senior Management

Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Managerial Personnel or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director or Managing Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

Term / Tenure:

a) Managing Director / Whole-time Director

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

b) Non-Executive Director

Non-Executive Director's office is subject to retirement by rotation at the Annual General Meeting in the manner as specified under relevant laws.

c) Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company subject to the relevant applicable laws.. As per Regulation 25(2A) of SEBI (LODR) Regulations, the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under sub-regulation (2A)

Provided further that an independent director appointed under the first proviso shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, 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.

Independent Directors shall register themselves in the databank of Independent Directors in accordance with the provisions of Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019

Unless exempt, the Independent Directors shall pass the online proficiency self-assessment test as per the provisions of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019

Evaluation:

The Committee shall carry out evaluation of performance of every Director, managerial personnel and Senior Management Personnel yearly or at such intervals as may be considered necessary.

Removal:

The Committee may recommend with reasons recorded in writing, removal of a Director, Managerial Personnel or Senior Management Personnel subject to the provisions and compliance of the applicable relevant laws, and the policy of the Company.

Retirement:

The Director, Managerial Personnel and Senior Management Personnel 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, Managerial Personnel and Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

7. Board Diversity:

We recognize the need to provide standards for having a diversified Board with ability to base its decisions and help to improve the performance of the organization significantly and for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business.

The Board shall consist of such optimum combination of Executive, Non-Executive and Independent Directors (including one Independent Woman Director) in accordance with requirements of the Companies Act, SEBI Listing Regulations and other statutory, regulatory and contractual obligations of the Company.

The Committee will lead the process for Board appointments and forward its recommendations to the Board. All Board appointments will be based on the skills, diverse experience, independence and knowledge, which the Board as a whole requires to be effective. The Committee shall address Board vacancies by actively considering candidates that bring a diversity of background and industry experience or related expertise. The candidates will be considered against objective criteria having due regard to the benefits of diversity on the Board.

Additionally, the Committee may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing, business development, international business, operations management or any other professional area,

so as to bring diversified skill sets on Board or succeed any outgoing Director with the same expertise.

8. Familiarisation Programme:

In accordance with the applicable relevant laws, the Committee shall familiarize the Independent Directors through various programs about the Company.

9. Policy Relating to Remuneration for Directors, KMP and Senior Management

1) Remuneration to Managing Director / Whole-time Director / Executive Director:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the relevant laws or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Director:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of relevant laws. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) including any commission shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- i) The Services are rendered by such Director in his capacity as the professional; and
- ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- d) The Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share-based payments to be made to Directors.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy. The Company follows salary structure which includes Fixed Salary, Performance Linked Incentive and Retirals.
- b) The Fixed pay Basic salary, Dearness Allowance and other allowances.
- c) The Performance Linked Incentive pay shall be decided based on the balance between performance of the Company/Business and performance of the Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate and as per the policy of the Company.
- d) The Retirals include Provident Fund and Gratuity. The Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share based payments to be made to Managerial Personnel and Senior Management.

4) Remuneration to other employees

The remuneration of all other employees may be determined by the Senior Management in consultation with the Human Resources department of the Company from time to time. The remuneration thus fixed shall be sufficient to retain talent and motivate the employees so as to ensure smooth and effective functioning of all the departments of the Company.

10. Directors and Officers Liability Insurance Policy

The Board shall ensure the Directors and officers (D&O) insurance policy is in place in accordance with the applicable relevant laws based on the recommendation of the Committee.

11. Implementation:

The Committee may issue guidelines, procedures, formats, reporting mechanism and

manuals in supplement and for better implementation of this policy as considered appropriate. The Committee may Delegate any of its powers to one or more of its members

12. Review and amendments:

Any subsequent amendment/modification in the Act or the Rules framed thereunder or the SEBI Listing Regulation and/or any other laws in this regard the statutes would prevail over the Policy and shall automatically apply to this Policy. The Board of Directors on recommendation of the Committee shall review the policy. However, the Board of Directors reserves its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.

Note: This policy has been approved by the Board of Directors of the Company at their meeting held on 8th February 2023 and shall be effective from 1st April 2023.