

**CLEAN SCIENCE AND TECHNOLOGY LIMITED**  
**NOMINATION & REMUNERATION POLICY**

---

**1. PREAMBLE**

Clean Science and Technology Limited (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

**2. DEFINITIONS:**

- 2.1. “**Board**” or “**Board of Directors**”: - Board or Board of Directors means the board of directors of the Company.
- 2.2. “**Director**”: - Director means Director of the Company appointed in accordance with the Companies Act, 2013.
- 2.3. “**NR Committee**”: - NR Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- 2.4. “**Company**”: - Company means Clean Science and Technology Limited.
- 2.5. “**Independent Director**”: - Independent Director shall have the meaning as ascribed to it under the Companies Act, 2013.
- 2.6. “**Key Managerial Personnel**”: - Key Managerial Personnel shall have the meaning as ascribed to it under the Companies Act, 2013.
- 2.7. “**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.

3. **GENERAL APPOINTMENT CRITERIA**

- 1.1 The NR Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- 1.2 The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- 1.3 The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, and any other enactment for the time being in force which is applicable to the Company.

4. **ADDITIONAL CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS**

The NR Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of Section 149 of the Companies Act, 2013 (as amended from time to time).

5. **TERM / TENURE**

**Executive Chairman/ Whole-time Director**

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

**Independent Director**

- A. 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.
- B. Where a special resolution for the appointment of an Independent Director for the first term fails to get the requisite majority of votes but the votes cast in favour of the resolution exceeds 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.
- C. No Independent Director shall hold office for more than two consecutive terms, 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the NR Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- D. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an

Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

- E. For every appointment of an Independent Director, NR 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 service of an external agencies, if required
  - b. consider candidates from wide range of backgrounds, having due regards to diversity; and
  - c. consider the time commitments of the candidates

## **6. REMOVAL**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the NR Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## **7. CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTOR AND THE BOARD**

The Directors including Independent Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- A. act objectively and constructively while exercising their duties;
- B. exercise their responsibilities in a bona fide manner in the interest of the Company;
- C. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- D. do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- E. refrain from any action that would lead to loss of his independence
- F. inform the Board immediately when they lose their independence,
- G. assist the Company in implementing the best corporate governance practices,
- H. strive to attend all meetings of the Board of Directors and the Committees;
- I. participate constructively and actively in the committees of the Board in which they are members;
- J. strive to attend the Board, Committee and general meetings of the Company;

- K. keep themselves well informed about the Company and the external environment in which it operates;
- L. do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- M. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest; and
- N. abide by Company's memorandum and articles of association, Company's policies and procedures including code of conduct, insider trading guidelines etc.

The evaluation of independent directors shall be done by the entire board of directors which shall include -

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

## **8. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

- 8.1. Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees. The remuneration / compensation to the NEDs will be determined by the Nomination and Remuneration Committee ("NRC") and recommended to the Board for its approval.
- 8.2. The sitting fee payable to the NEDs for attending the Board and committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- 8.3. Independent Directors will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.
- 8.4. NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending meetings of the Company.
- 8.5. The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

## **9. REMUNERATION OF EXECUTIVE DIRECTORS**

9.1 The compensation paid to the executive directors (including Managing Director and Whole Time Directors) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.

9.2 The elements of compensation of the executive director include the elements as described in 4 below.

9.3 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.

9.4 The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.

9.5 In case of inadequacy of profit in any financial year, the remuneration payable to the executive directors shall be further subject to the relevant provisions of the Act.

9.6 Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.

9.7 The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

## **10. REMUNERATION TO KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT/ OTHER EMPLOYEES**

10.1. The Company's total compensation for Key Managerial Personnel as defined under the Act / Senior Management /other employees will consist of:

- fixed compensation
- variable compensation in the form of performance bonus
- benefits
- work related facilities and perquisites.

10.2. In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

10.3. Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and other allowances.

10.4. Based on the grade and seniority of employees, benefits for employees include:

- Health-Related
- Health (hospitalization) insurance
- Accident and life insurance
- Retirement-related
- Contribution to statutory benefits such as provident fund account, gratuity, etc.

10.5. Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

10.6. A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed compensation of individual executives will be directly linked to the performance ratings of individual employee.

- Overall compensation of employees shall be subject to periodic reviews which takes into account their performance, as well as factors such as affordability based on the Company's performance and the economic environment.
- Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

## **11. COMMITTEE MEMBERS INTEREST**

11.1. A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

11.2. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

## **12. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION**

12.1. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

12.2. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

12.3. Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

## **13. DISSEMINATION OF POLICY**

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

**Date of approval** : 20<sup>th</sup> March, 2021

**Date of amendment** : 12<sup>th</sup> June, 2021, 11<sup>th</sup> November, 2021 and  
2<sup>nd</sup> February, 2023