

Nomination and Remuneration Policy



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1) Preamble

This Nomination and Remuneration Policy (the “**Policy**”) has been formulated by **Clean Max Enviro Energy Solutions Limited (“Company”)** in compliance with the Companies Act, 2013, read with applicable rules made thereunder (“**Companies Act**”) and in compliance of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), each as amended from time to time, when so applicable.

This Policy has been approved by the Nomination and Remuneration Committee (“**NRC**”) at its meeting held on 13 August 2025 and by the board of directors of the Company (“**Board**”) at its meeting held on 14 August 2025.

This Policy shall come into force with effect from the date on which the Board approves this Policy.

The Board, based on the recommendation of the NRC, may amend this Policy from time to time, to incorporate any subsequent amendment(s)/modification(s) in the SEBI Listing Regulations with respect to matters covered under this Policy or otherwise. In case of any inconsistency between the provision of law and the Policy, the provision of law shall prevail, and the Company shall abide by the applicable law in force.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Companies Act, and rules/regulations made thereunder, and/or any other applicable law or regulation to the extent applicable to the Company, as amended from time to time.

2) Objective and purpose

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the Board (“**Directors**”), key managerial personnel of the Company, and in senior managerial personnel positions in the Company, to recommend the remuneration to be paid to them and to evaluate their performance.

This Policy provides a framework for:

- a) identifying persons who are qualified to become Directors, along with persons who may be appointed as KMPs and SMPs in accordance with the criteria laid down in the Companies Act and this Policy, and recommend to the Board for their appointment and removal and carrying out evaluation of every Director’s performance (including independent Directors);
- b) identifying the criteria for determining qualifications, competencies, positive attributes and independence of a Director(s) (Whole-time/non-executive/independent);
- c) determining remuneration of Directors and KMPs and SMPs, based on factors including, but not limited to, the Company’s size, financial position, trends and practices on remuneration followed by peer companies in the similar industry;

- d) specifying the manner for effective evaluation of performance of the Board, Directors, KMPs and SMPs to be carried out either by the Board, by the Committee or by an independent external agency;
- e) assessing the independence of independent Directors;
- f) providing them rewards/benefits, linked directly to their efforts, performance, dedication and achievements relating to the Company's operations;
- g) retaining, motivating and promoting talent and to ensure long term sustainability of talented persons and create competitive advantage and meeting the individual performances and industry benchmarks;
- h) such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act and rules thereunder, and the SEBI Listing Regulations, wherever applicable;
- i) remuneration to Directors, KMPs and SMPs basis the short term and long-term performances objectives;
- j) devising the Company's Board diversity policy; and
- k) devising the Company's succession planning policy for the Board.

3) **Scope of the Policy**

The Policy shall be applicable to the following personnel in the Company:

- a) Directors (including independent Directors);
- b) KMPs;
- c) SMPs; and
- d) any other position who is temporary/permanent positioned for special projects that are directly governed by the Board.

Provided,

"Key Managerial Personnel" or "**KMP**" means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act as under:

- (i) the chief executive officer of the Company ("**Chief Executive Officer**") or the managing director of the Company ("**Managing Director**") or the manager of the Company;
- (ii) the company secretary of the Company ("**Company Secretary**");
- (iii) the whole-time Director of the Company ("**Whole-time Director**");
- (iv) the chief financial officer of the Company ("**Chief Financial Officer**");

- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as KMP by the Board; and
- (vi) such other officer of the Company as may be prescribed.

“Senior Managerial Personnel” or “SMP” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board, 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) and shall specifically include the functional heads, [by whatever name] called along with the Company Secretary and the Chief Financial Officer.

4) **Constitution of the Committee**

Pursuant to the provisions of Section 178 along with other applicable provisions (if any), of the Companies Act and Regulation 19 of the SEBI Listing Regulations, the Committee of the Company will be constituted as hereunder:

- a) The Board shall determine the membership of the Committee.
- b) The Committee shall comprise of at least three members, all of whom shall be non-executive Directors, and at least two thirds of whom shall be independent Directors.
- c) One of the independent non-executive Directors shall be designated by the Board to serve as the Committee’s Chairperson.
- d) The Chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Committee but shall not chair the Committee.
- e) The quorum for a meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is greater, including at least one independent Director in attendance.
- f) The Committee shall meet at least once in a year. However, the Committee may meet more frequently as may be required based on business exigencies, Board changes, or regulatory amendments, to ensure timely deliberations and decisions on matters within its scope.

5) **Letter of appointment**

Letter of appointment shall be issued by the Company to each Director, KMP and SMP, based on the recommendations of the Committee on the basis of the guidelines for the same under the Companies Act and this Policy. This letter of appointment shall be accepted and signed by the concerned person. The Board shall consider the following criteria while deciding such appointment:

- a) Appointment criteria and qualifications – The Committee shall identify and ascertain the integrity, qualification, expertise and experience for appointment to the position of Directors, KMPs and SMP positions.

- b) A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- c) The Committee shall determine the suitability of appointment of a Director by assessing the proposed person against a range of criteria which includes but are not limited to:
 - (i) personality, skills and professional knowledge;
 - (ii) knowledge and experience relevant to the business of the Company;
 - (iii) understanding of and experience in performing his roles and responsibilities;
 - (iv) independence of judgment;
 - (v) educational and professional qualification(s);
 - (vi) past performance and credentials, behaviour and conduct;
 - (vii) ability to work individually as well as a member of team;
 - (viii) ability to represent the Company;
 - (ix) interaction and relationship with the other members of the Board, KMPs, SMPs and key stakeholders;
 - (x) Board room conduct;
 - (xi) communication skills; and
 - (xii) ethics and values.
- d) The Company shall not appoint or continue the employment of any person as a Whole-time Director who is below the age of 21 (twenty-one) years or has attained the age of 70 (seventy) years.

Provided that a person who has attained the age of 70 (seventy) years may be appointed or his term may be extended by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of 70 (seventy) years may be made.

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- e) The Company shall not appoint or continue the employment of any person as a non-executive Director who has attained the age of 75 (seventy-five) years, unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
- f) The Committee shall ensure that there are appropriate induction and training programs in place for newly appointed Directors and KMPs.
- g) The Committee shall make 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/employment agreement or contract.
- h) The Committee shall recommend any necessary changes in the constitution of the Board, KMPs or SMPs to the Board.
- i) The appointment or a re-appointment of a person, including as a Managing Director or a Whole-time Director or a Manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders.

Provided further that the statement referred to under sub-section (1) of Section 102 of the Companies Act, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Committee and the Board for recommending such a person for appointment or re-appointment.

6) Independence of Directors

The qualifications of independent Directors of the Company shall be decided on the basis of criteria provided under the relevant provisions of the Companies Act including the Companies (Appointment and Qualification of Directors) Rules, 2014 and as envisaged under SEBI Listing Regulations. A declaration of independence shall be taken from each of the independent Directors at the first meeting of the Board in which he participates as a Director and thereafter, at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent Director.

For every appointment of an independent Director, the 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.

The Company shall conduct a familiarization programme for independent Directors to provide them with insights into the Company, their roles, rights, responsibilities, nature of the industry, business model of the Company, etc., in accordance with Regulation 25(7) of the SEBI Listing Regulations. The details of such programmes shall be disclosed on the Company's website.

7) Term / Tenure

a) Managing Director/Whole-time Director

- i) The Company shall not appoint or employ at the same time a Managing Director and a Manager.
- ii) The Company shall not appoint or re-appoint any person as its Chairperson and Managing Director or as a Whole-time Director for a term exceeding 5 (five) years at a time.
- iii) No re-appointment shall be made earlier than 1 (one) year before the expiry of term of the Director appointed.

b) Independent Director

- i) An independent Director shall hold office for a term up to 5 (five) years on the Board 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.
- ii) No independent Director shall hold office for more than 2 (two) consecutive terms, but such independent Director shall be eligible for re-appointment in the Company as an independent Director after the expiry of 3 (three) years from the date of cessation of the previous directorship as an independent Director in the Company.

Provided that such independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. The Committee shall take into consideration all the applicable provisions of the Companies Act and the SEBI Listing Regulations while appointing the independent Directors.

8) Remuneration

(i) Policy objectives

In discharging its responsibilities, the Committee shall have regard to the following policy objectives:

- i) to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- ii) to attract and retain and motivate competent individuals of the quality required to run the Company successfully;
- iii) to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- iv) to plan short and long-term incentives to retain talent;
- v) to ensure that any severance benefits are justified;
- vi) to ensure that the remuneration of the Directors, KMPs and SMPs is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the Managing Director and Chief Executive Officer and/or Whole-time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the articles of association of the Company and as per the provisions of the Companies Act and the rules made there under;
- vii) to ensure that individual remuneration packages for Directors, KMPs and SMPs are determined after taking into account relevant factors, including but not limited to:
 - a) qualification and experience;
 - b) level of engagement in the affairs of the Company;
 - c) market conditions;
 - d) financial and commercial health of the Company;
 - e) practice being followed in comparable companies; and
 - f) prevailing laws and government/other guidelines.
- viii) to ensure the remuneration / compensation / commission, etc., to be awarded to the Whole-time Directors, KMPs and SMPs is adequately determined by the Committee and recommended to the Board for approval; and
- ix) to ensure that increments to the existing remuneration / compensation structure of other employees including the Functional Heads shall be jointly decided by the Managing Director and head of human resources.

(ii) Remuneration Structure

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration to Directors, KMPs and SMPs shall be divided between fixed and variable components and reflect short and long-term performance objectives appropriate to the working of the Company and its goals as required under the provisions of the Companies Act and as envisaged in SEBI Listing Regulations.

- i) **Base Compensation (Fixed Salary):** This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.
- ii) **Variable Salary:** A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- iii) Any other component/benefits as may be recommended by the management and approved by the Committee.

9) Remuneration to Managing Director, Whole-time Director and KMP:

- i) **Fixed Salary** – The Managing Director and/or Whole-time Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders, wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.
- ii) **Minimum Remuneration** – If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its Managing Director and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.
- iii) The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if they exceed the limits prescribed under the SEBI Listing Regulations.

- iv) The Company shall make such disclosures, including the ratio of the remuneration of each Director to the median remuneration of the employees and other prescribed particulars, as required under Section 197(12) of the Companies Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in its Board's Report.

10) Remuneration to non-executive / independent Director:

- i) **Remuneration:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the articles of association of the Company and with the provisions of Companies Act and the SEBI Listing Regulations.
- ii) **Sitting Fees:** The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act.

The Board shall recommend all fees or remuneration, if any, paid to non-executive Directors, including independent Directors and shall require approval of shareholders in general meeting. The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive Directors involving independent directors, if made within the limits prescribed under the Companies Act, for payment of sitting fees without approval of the Central Government.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds the limits prescribed under the SEBI Listing Regulations.

11) Evaluation/ assessment of Directors

The evaluation/assessment of the Directors shall be conducted on an annual basis by the Committee. The Committee shall consider the below-mentioned criteria while determining the performances of the Directors have been:

- i) **Vision and clarity of roles and responsibility**

The individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision, which shall This include the clarity of role as a member of the Board.

- ii) **Board Processes**

The quality of Board processes such as decision making (i.e., how Directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction, etc.

iii) **Engagement with Management**

The engagement of the Board with the management to ensure it is well supported and able to meet the needs of its members.

iv) **Board dynamics**

The quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.

v) **Frequency of participation**

The individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

In addition to evaluating individual Directors, the performance of Board Committees shall also be reviewed based on their terms of reference, contribution to Board deliberations, and effectiveness in discharging their responsibilities, in line with Schedule IV of the Companies Act and SEBI Listing Regulations

The Committee shall prepare a performance evaluation report in relation to independent Directors basis the above criteria and decide whether to extend or cease the term of appointment of the independent Directors, and accordingly make recommendations to the Board on the basis of such report.

12) Diversity

The Committee shall ensure that the Board shall have an optimum combination of executive and non-executive Directors with at least one woman Director and not less than 50 % (fifty per cent.) of the Board shall comprise of non-executive Directors in accordance with the SEBI Listing Regulations.

“The Committee shall also ensure that the Board has a diverse composition in terms of skills, experience, gender, age, cultural and educational background, and professional expertise, in accordance with the principles laid out under Regulation 19(4) read with Schedule II Part D of SEBI Listing Regulations. The Board diversity policy shall be periodically reviewed and implemented through appointments that promote a balance of perspectives on the Board”

13) Removal

The Committee may recommend to the Board with reasons recorded in writing, including any disqualification mentioned in the Companies Act, SEBI Listing Regulations or under any other applicable law, removal of a Director, KMP or an SMP, subject to the provisions and compliance of the Companies Act and other applicable law.

14) Retirement

The Directors, KMP or SMP, shall retire as per the applicable provisions of the Companies Act and this Policy. The Board will have the discretion to retain any Director, KMP or the SMP, even after attaining the retirement age, for the benefit of the Company, subject to the provisions of the Companies Act, SEBI Listing Regulations and other applicable law.

15) Minutes of Committee Meeting

Proceedings of all meetings must be recorded as minutes and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

16) Disclosure of this Policy

The Policy shall be placed on the website of the Company and salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the annual report of the Company, as required under Companies Act and the SEBI Listing Regulations and as may be required under any other law for the time being in force.

17) Review

The Policy shall be reviewed by the Committee at appropriate intervals and based on its recommendations, which may be revised by the Board from time to time.

18) Scope and limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of the Companies Act, the SEBI Listing Regulations or any other such statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

19) Evaluation Criteria

The evaluation of performance of the Directors of the Company shall be undertaken as under:

S. No	Provisions of the Act	Evaluation of Performance of	Performance to be evaluated by
A	Section 178(2)	<ul style="list-style-type: none"> Independent Directors Non-Independent Directors 	Nomination and Remuneration Committee
B	Section 134(3)(p) read with Schedule IV of the Act	<ul style="list-style-type: none"> The Board Committees of the Board Independent Directors Non-Independent Directors 	The Board
C	Listing Regulations and Schedule IV of the Act.	<ul style="list-style-type: none"> Non-Independent Directors The Board Chairperson of the Company 	Independent Directors