

TENNECO CLEAN AIR INDIA LIMITED

NOMINATION AND REMUNERATION POLICY

1. Purpose and Scope

This nomination and remuneration policy (“**Policy**”) of Tenneco Clean Air India Limited (“**Company**”) has been adopted pursuant to Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“**Listing Regulations**”) and Section 178(3) of the Companies Act, 2013 (as amended from time to time) (“**Act**”).

This Policy has been formulated by the Company keeping in view the following objectives:

- (a) to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully; and
- (b) to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Terms and Definitions

For the purposes of this Policy:

“**Senior Management**” means officers and personnel of the Company who are members of its core management team, excluding the board of directors of the Company (“**Board**”) and including all members of the management one level below the chief executive officer or managing director or whole time director or manager of the Company (including the chief executive officer and manager of the Company, in case they are not part of the Board) and specifically including the functional heads and the key managerial personnel of the Company.

3. Oversight And Management

The Board has constituted the Nomination and Remuneration Committee (“**Committee**”) in terms of the provisions of the Act and the Listing Regulations for the formulation, oversight and review of the Policy.

The role of the Committee, *inter alia*, includes the following:

- (a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the appointment and remuneration of the directors, key managerial personnel, Senior Management and other employees;
- (b) evaluating the balance of skills, knowledge and experience on the Board, and on the basis of such evaluation, preparing a description of the role and capabilities required of an independent director, by (i) using the services of external agencies, if required, (ii) considering candidates from a wide range of backgrounds, having due regard to diversity; and (iii) considering the time commitments of the candidates;
- (c) formulating criteria for evaluation of the performance of independent directors and the Board;
- (d) devising a policy on diversity of the Board;

- (e) identifying persons who are qualified to become directors and who may be appointed as key managerial personnel of the Company or Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (f) deciding whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;
- (g) recommending to the Board, all remuneration, in whatever form, payable to key managerial personnel of the Company and Senior Management; and
- (h) developing a succession plan for the Company which is to be reviewed and approved by the Board on a regular basis.

4. Policy relating to appointment and removal of directors, key managerial personnel, and Senior Management

A. Appointment criteria and qualifications

The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as directors, key managerial personnel or Senior Management, and recommend to the Board their appointment or removal. The Committee shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance. A person, to be appointed as director, key managerial personnel or Senior Management should possess a reputation for integrity, expertise and insights in sectors / areas relevant to the Company and an ability to contribute to the Company's growth. The Committee shall ascertain the independence of directors on the basis of the criteria set out under the relevant provisions of the Act and Listing Regulations.

B. Term/ Tenure

(i) Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its managing director or chief executive officer or whole-time director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.

(ii) Independent Director

An independent director shall mandatorily hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment in the manner as specified under the Act and the Listing Regulations. No independent director shall hold office for more than 2 (two) consecutive terms, but such independent director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an independent director. An 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.

(iii) Director

The continuation of a director serving on the Board shall be subject to the approval of the shareholders of the Company, in a general meeting at least once in every 5 (five) years from the date of their appointment or reappointment, as the case may be.

C. Removal

Due to reasons for any disqualification mentioned in the Act, any other applicable law, the Committee may recommend to the Board with reasons recorded in writing, the removal of a director, key managerial personnel or Senior Management in accordance with the provisions of applicable law. A director, key managerial personnel or Senior Management may also be removed as per the terms of the contract or arrangement entered into with such director, key managerial personnel or Senior Management by the Company, or as per the decision of the Board.

D. Retirement

The directors, key managerial personnel and Senior Management of the Company shall retire as per the applicable provisions of the Act and the prevailing policy(ies) of the Company. Subject to applicable law, the Board will have the discretion to retain a director, key managerial personnel or Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

E. Vacancy

Any vacancy in the office of a director, chief executive officer, managing director, whole-time director, manager or compliance officer shall be filled by the Company at the earliest and in any case not later than the time period prescribed in the Act and the Listing Regulations.

F. Succession planning for directors, key managerial personnel and Senior Management

The Committee shall present to the Board on a periodic basis, succession plans for appointments to the Board, key managerial personnel and Senior Management based on various factors such as current tenure, outcome of performance evaluation, Board diversity and business requirements.

5. Policy relating to remuneration for directors, key managerial personnel, Senior Management and other employees

A. General principles:

- (i) The remuneration to be paid to directors, key managerial personnel and Senior Management of the Company shall be determined by the Committee and recommended to the Board for approval.
- (ii) The remuneration to be paid to the directors, key managerial personnel and Senior Management of the Company shall be in accordance with the applicable provisions of the Listing Regulations and the Act and all rules and regulations made thereunder.
- (iii) The remuneration and remuneration policies for directors, key managerial personnel, Senior Management and other employees shall have regard to the need to (a) attract and motivate talent to pursue the Company's long term growth; (b) demonstrate a clear relationship between executive compensation and performance; (c) be consistent with recognised best practices; (d) reflect the size of the Company, complexity of the sector / industry / Company's operations and the Company's capacity to pay; (e) have regard to best governance practices and legal requirements; and (f) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.

- (iv) Further, the Committee shall also take into consideration the following matters while determining the remuneration of key managerial personnel: (a) the financial and operating performance of the Company during the 3 (three) preceding financial years; (b) the relationship between remuneration and performance; (c) the principle of proportionality of remuneration within the Company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the Board who receive remuneration and employees or executives of the Company; (d) whether the remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference; and (e) the securities held by a director, including options and details of the shares pledged as at the end of the preceding financial year.

B. Remuneration for non-executive directors and independent directors:

- (i) The remuneration/commission payable to each non-executive director and independent director shall be based on the remuneration structure as determined by the Board, as may be revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Listing Regulations and the Act. The Board, on the recommendation of the Committee, shall review and approve the remuneration/commission payable to the non-executive and independent directors of the Company within the overall limits approved by the shareholders
- (ii) The non-executive and independent directors of the Company may be paid a sitting fees/commission for attending the meetings of the Board and the committees thereof, as may be decided by the Board from time to time, which shall not exceed the limits prescribed under the Act and the Listing Regulations per meeting of the Board or committee thereof provided that for the independent directors and women directors, the sitting fees shall not be less than the sitting fee payable to the other directors.
- (iii) Independent directors of the Company shall not be entitled to any employee stock options or any other stock incentive of the Company.
- (iv) Where any insurance is taken by the Company on behalf of its managing director, whole time director, manager, chief executive officer, chief financial officer or company secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved guilty, then the premium paid on such insurance shall be treated as part of the remuneration.

C. Remuneration for executive directors:

- (i) The remuneration/commission payable to the executive directors of the Company shall be within the limits prescribed under the Listing Regulations and the Act.
- (ii) The remuneration structure of the executive directors of the Company may include the following components:
 - (a) basic pay;
 - (b) perquisites, benefits and allowances;
 - (c) stock options;
 - (d) retiral benefits;
 - (e) annual performance bonus;

- (f) other agreed fixed and/or variable pay like special incentives or bonus, severance fees etc.;
- (g) other benefits, emoluments or any other payments by whatever name called as per Company's policies; and
- (h) any other elements of compensation approved by the Committee.

D. Remuneration for key managerial personnel and Senior Management:

- (i) The remuneration/commission payable to the key managerial personnel and the Senior Management of the Company shall be within the limits prescribed under the Listing Regulations and the Act.
- (ii) The remuneration structure of the key managerial personnel and Senior Management of the Company may include the following components:
 - (a) basic pay;
 - (b) perquisites, benefits and allowances;
 - (c) stock options;
 - (d) retiral benefits;
 - (e) annual performance bonus;
 - (f) other agreed fixed and/or variable pay like special incentives or bonus, severance fees etc.;
 - (g) other benefits, emoluments or any other payments by whatever name called as per Company's policies; and
 - (h) any other elements of compensation approved by the Committee.

E. Remuneration for other employees:

Employees shall be assigned grades according to their qualifications, work roles, work experience, competencies and other criteria as may be prescribed by the Board or the Committee or any person delegated for such purpose. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

6. Board Diversity

- (a) The Company acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, gender, religion, ethnicity, sexual orientation, personal attributes and any other relevant parameters, as the Committee deems appropriate.
- (b) The Committee shall review and evaluate the Board composition to ensure that the Board and its committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors.
- (c) The Committee shall ensure that no person is discriminated against on grounds of religion, race, veteran status, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a member of the Board.
- (d) The Committee shall monitor and periodically review the Board diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly.

7. Disclosures

The Company shall disclose this Policy on its website and shall provide the web address of this Policy in the Board's report.

8. Amendment, Review and Effectiveness

- 8.1 This Policy may be reviewed and/or revised as may be deemed necessary by the Board and the Committee. In the event of any conflict between the terms of this Programme and applicable law (including the Listing Regulations), the provisions of applicable law shall prevail.
- 8.2 This Policy is approved and adopted by the Board at its meeting held on 15th May, 2025, from which date, this Policy shall be effective.