

## GREEN POWER SUGARS LIMITED

### PERFORMANCE EVALUATION POLICY

The following "Performance Evaluation Policy" is for the use to the Board of Directors of the Company and is adopted by the Board as per statutory requirements.

#### LEGAL FRAMEWORK –

Section 134(3)(p) - Financial statement, Board's report - In case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors shall be included in the Board's report.

Section 178(2) - Nomination & Remuneration & Stakeholders Relationship Committee: The Nomination and Remuneration Committee shall carry out evaluation of every director's performance.

Schedule IV - Code for Independent Directors - Under the role and function of Independent Director, it is mentioned that the independent director shall bring an objective view in the evaluation of the performance of Board and management.

Schedule IV - Code for Independent Directors - Point No. V provides for re-appointment of Independent Director, it is mentioned that the re-appointment of independent director shall be on the basis of report of performance evaluation.

Schedule IV - Code for Independent Directors - Point No. VIII provides for evaluation mechanism, it is mentioned that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director

#### INTRODUCTION

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, internal code of conduct and policies formulated by the Company for its internal execution.

The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis and in the best interest of the company and its stakeholders.

This policy is formulated by **Nomination & Remuneration Committee**, whose role inter-alia, include 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, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. 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.

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Accordingly, the present policy for performance evaluation is being put into place based on the recommendations to the Board by **Nomination & Remuneration Committee** setting the criteria, based on which the performance of every director including the performance of the Board as a whole & its Committees shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

With an aim to maintain a proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure that individual directors (M.D., E.D., Non-Executive- Non Independent Directors, Non-Executive - Independent Directors) Board's committees and the Board of Directors as a whole work efficiently and effectively in achieving Company's objectives.

This policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

### **EFFECTIVENESS OF BOARD –**

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company. The Company aspires to pay performance linked remuneration to its MD/ED. It will be ensured that the remuneration is determined in such a way there exists a fine balance between fixed and incentive pay – if any.

### **RESPONSIBILITY OF BOARD / INDEPENDENT DIRECTORS –**

The Board of Directors shall undertake the following activities on an annual basis:

1. In conformity with the requirement of the Act, the performance evaluation of all the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. Independent Directors are required to evaluate the performance of non – independent directors and Board as a whole. The independent directors of the Company shall hold at least one meeting in a year to exercise the functions as mentioned in Act and its applicable Schedules.
3. The Board as a whole shall discuss and analyse its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

### **EVALUATION FACTORS –**

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

1. In respect of each of the evaluation parameters, various descriptors have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors, as such evaluation factors may vary in accordance with their respective functions and duties.

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2. The evaluation scale is a simple three point scale i.e. Appraisal of each Director of the Company by the other Directors shall be based on the criteria as mentioned herein below.

### **Rating Scale**

- 3 Surpasses Expectations
- 2 Meets Expectations
- 1 Below Expectations

The Company has chosen to adopt the following Board Performance Evaluation Process:

### **INDEPENDENT DIRECTORS –**

Some of the specific issues and questions that should be considered in the performance evaluation of an **Independent Director**, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

1. Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
2. Adherence to ethical standards & code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of Interest.
3. Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.
4. Interpersonal relations with other directors and management
5. Objective evaluation of Board's performance, rendering independent, unbiased opinion.
6. Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
7. Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information.

Based on the above criteria each of the Independent Directors has to be assessed by the other directors (including other Independent Directors) by giving a rating scale mentioned above. The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

Assistance in conducting the process of evaluation shall be provided by a person as authorized by the Board and for this purpose, such person shall report to Board.

### **NON-INDEPENDENT DIRECTORS / MD / ED / KMP–**

Some of the specific issues and questions that should be considered in a performance evaluation of **Non-Independent Director /MD/ ED/ KMP** are set out below:

1. Attendance, participations in the Meetings and timely inputs on the minutes of the meetings.
2. Contribution towards growth of the Company including actual vis-à-vis budgeted performance.
3. Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.
4. Adherence to ethical standards & code of conduct of Company.
5. Team work attributes and supervising & training of staff members.
6. Compliance with policies, reporting of frauds, violation etc. And disclosure of interest.
7. Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information.

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Based on the above criteria each of the Non – Independent Directors / MD / ED has to be assessed by giving a rating on the scale mentioned above. The total number of ratings awarded will be averaged over the number of persons who have awarded the rating.

This process of evaluation shall be done by Independent Directors only. Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

### BOARD OF DIRECTORS –

Some of the specific issues and questions that should be considered in a performance evaluation of the **entire Board** by the Independent Directors are set out below:

1. Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2. Members of the board meet all applicable independence requirements.
3. The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
4. The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfil its responsibilities.
5. The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and The Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.
6. The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
7. Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
8. The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
9. Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
10. The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
11. Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
12. The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its Audit Committee).
13. Company has a system for Corporate Social Responsibility & Stakeholder Relationships.
14. Company has necessary Committees which are required and these Committees are working effectively.

Based on the above criteria Board has to be assessed by giving a rating on the scale mentioned above. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

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The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

The performance of Committees of Board shall also be reviewed from time to time.

### **REVIEW –**

The performance evaluation process and related tools will be reviewed by the “Nomination and Remuneration Committee” on need basis, and the Committee may periodically seek independent external advice in relation to the process.

The, committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

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