

SHIVA CEMENT LIMITED

BOARD EVALUATION POLICY

Company Stamp

Director

DOCUMENT CONTROL

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Preparation/Revision History

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1	21/01/2025	1.3	Company Secretary	Board of Directors 21/01/2025

Introduction

The purpose of the Board Evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level with the participation of all concerned in an environment of harmony.

The Board acknowledges its intention to establish and follow “best practices” in Board governance in order to fulfil its fiduciary obligation to the Company. The Board believes the evaluation will lead to a closer working relationship among Board members, greater efficiency in the use of the Board’s time, and increased effectiveness of the Board as a governing body.

This policy has been framed in compliance with the provisions of Section 178 (2), 134(3)(p), Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and applicable provisions of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 and any other applicable law, by the Nomination and Remuneration Committee (“NRC”) and approved by the Board.

Statutory/Regulatory Requirements:

The Companies Act, 2013, and Rules thereunder mandates the performance of every director of a listed company to be evaluated.

In terms of the provisions of the Companies Act, 2013 and Regulation 17(10), 19(4) and Part D of the Schedule II of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015:

- Schedule IV of the Companies Act, 2013, which prescribes the Code of Conduct for Independent Directors, provides for an evaluation mechanism for evaluating the

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performance of the Non-Independent Directors and the Board as a whole, and for reviewing the performance of the Chairperson (If designated Chairperson has been appointed) of the Company taking into account the views of Executive and Non-Executive Directors, which needs to be done at a **separate meeting of the Independent Directors**.

- The NRC is required to carry out evaluation of **every Director's Performance**.
- In addition, evaluation of the Independent Directors shall be done by the entire Board excluding the director being evaluated and shall include (a) performance of the Directors; and (b) fulfilment of the independence criteria as specified in the Companies Act, 2013 and the LODR Regulations and their independence from the Management. This is to be done on an annual basis for determining whether to extend or continue the term of appointment of the independent director.
- The **Board's Report** to the Members of the company shall include 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.

- **Meeting of the Independent Directors:**

At least one meeting of the independent directors of the Company shall be held in a year, without the attendance of non-independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting.

The independent directors in the meeting shall, inter-alia:

- i. review the performance of non-independent directors (executive and whole time directors) based on the recommendations of the Nomination and Remuneration committee.
- ii. review the performance of the Board as a whole;
- iii. review the performance of the Chairperson (If designated Chairperson has been appointed) of the Company, taking into account the views of executive directors and non-executive directors;
- iv. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance Evaluation Framework for Board and Individual Directors

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Considering the performance evaluation requirements, the following framework is adopted:

Mechanism and approach:

The process will be initiated each year by the Chairperson of the Board (If designated Chairperson has been appointed) or any other director. At the Board's discretion, the Company Secretary or any other person designated by the Board, will co- ordinate the Board evaluation or an external consultant may be appointed to assist with the process.

• **Evaluation of Whole-time/Executive Directors:**

Process: The NRC shall define Key Performance Indicators (KPIs) for whole-time directors (WTDs). The NRC shall assess the organizational performance as well as the individual performance for WTDs on an annual basis. Based on its assessment it shall make recommendations to the Board regarding compensation for WTDs and performance bonus/variable pay.

• **Evaluation of Independent Directors and the Board:**

The Board/Director evaluation process will consist of two parts:

- Peer to Peer Evaluation; and
- Overall Board and Committee Evaluation (either internally or by an external consultant).

• **Evaluation of Chairperson (If designated Chairperson has been appointed) of the Company:**

- In the Board Member Peer Evaluation, each Board member is encouraged to rate his/her Peer's personal contribution/performance/conduct as a director with reference to a questionnaire **(Refer Annexure I)**
- In the Overall Board and Committees' Performance Evaluation, each Board member will be asked to provide inputs on questions designed to elicit responses from the Directors. **(Refer Annexure II & III).**
- The performance of the Chairperson (If designated Chairperson has been appointed) of the Company shall be reviewed after taking into account the views of executive and non-executive Directors on the Board with reference to a questionnaire **(Refer Annexure IV)**

Copies of the evaluation forms as applicable will be distributed to each Board Member. Board members shall complete the forms and return them to the Chairman's Office/MD/Executive Director or to the Company Secretary or the Board nominee or an External Consultant, as may be informed.

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The Chairman's Office/MD/Executive Director or the Company Secretary or the Board nominee or the Consultant will tabulate the results of the evaluation and the Tabulated Report would be presented at the meeting of the Independent Directors, NRC and to the Board.

Board and NRC Discussion:

The Board will discuss areas that are working well, and those that need attention. The Board will then decide if changes in its governance practices and policies need to be made. The Company Secretary and/or the governance consultant will work with the Board or Board nominee to implement necessary changes.

Apart from the above, the NRC will carry out an evaluation of every Director's performance. For this purpose, the NRC would review the Tabulated Report. The NRC would provide feedback to the Board on its evaluation of every director's performance and based on such feedback, the Board will recommend appointments, re-appointments and removal of the non-performing Directors of the Company.

Evaluation Criteria

The evaluation criteria & the Annexures for the Board, its Committees and its Directors may be changed at any time by the Board or any other person authorized by the Board.

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