

API HOLDINGS LIMITED

POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD

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1. Introduction

API Holdings Limited ("**Company**") believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Company's Code of Conduct for its Board and Senior Management Personnel ("**Code**"). The honesty, integrity and sound judgement and performance of the Directors and the Senior Management Personnel are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the senior management is expected to comply with the letter and spirit of this policy for evaluation of the performance of the Board ("**Policy**"). Any actual or potential violation of this above-mentioned Code and this Policy by the Directors would be the matter of serious concern for the Company.

Therefore, the Company has formulated this Policy to comply with various provisions under the Act (*as defined hereinafter*), the Listing Regulations (*as defined hereinafter*).

2. Definitions

- i. "**Act**" means The Companies Act, 2013, as amended from time to time and the rules made thereunder;
- ii. "**Director**" or "**Board**" means the Director or the Board, in relation to the Company, and deemed to include the collective body of the Board of Directors of the Company including the chairperson of the Company.
- iii. "**Independent Director**" shall mean an Independent Director as defined under section 2 (47) to be read with section 149 (5) of the Act.
- iv. "**NRC**" means the Nomination and Remuneration Committee of the Board.
- v. "**Policy**" shall mean this Policy for evaluation of performance of Board of Directors of the Company.
- vi. "**Listing Regulations**" shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

3. Objective

The object of this Policy is to formulate the procedures and also to prescribe the criteria to evaluate the performance, on annual basis; of (a) the Board as a whole; (b) Individual Directors (including Managing Director, Whole time Director, Executive Director, Non-executive Director, Independent Director of the Company); (c) Committees of the Board and (d) The Chairperson of the Board. Further, to adopt best practices to manage the affairs of the Company in a seamless manner and ensure sustained long-term value creation for stakeholders by achieving good corporate governance.

4. Process of Evaluation of the Performance

NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by NRC or by an independent external agency and review its implementation and compliance and the criteria for the evaluation of the performance as prescribed in of this Policy.

Evaluation of Independent Director shall be carried out by the entire Board which shall include – (a)

performance of the directors; and (b) fulfilment of the independence criteria as specified in the Act and the Listing Regulations and their independence from the management. The Directors who are subject to evaluation shall not be allowed to participate.

The process of evaluation is generally elaborate, stretching across pre-evaluation, evaluation and post- evaluation processes including, inter alia, the following:

1. EVALUATION OF THE BOARD

The performance of the Board as a whole may be evaluated from the reviews/ feedback of all the directors themselves. The Independent Directors at their separate meeting shall also 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.

The Board evaluation form is annexed as “**Annexure 1**” to this Policy.

2. EVALUATION OF INDIVIDUAL DIRECTOR(S)

Evaluation of the individual directors of the Company shall be carried out annually by entire Board except the Director being evaluated.

i. Evaluation of Managing Director / Whole time Director /Executive Director

The performance evaluation of Managing Director, Whole time Director and Executive Director of the Company may be done by all the directors. The Code for Independent Directors also provides that Independent Directors shall review the performance of Non-Independent Directors, which includes Managing Director / Whole time Director/Executive Director.

The broad parameters for reviewing the performance of Managing Director/Whole time Director/Executive Director are:

- Developing and managing / executing business plans, operational plans, risk management, and financial affairs of the organization;
- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company’s prosperity and operations;
- Development of policies, and strategic plans aligned the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees, and other stakeholders;
- Establishment of an effective organization structure to ensure that there is management focus on key functions necessary for the organization to align with its mission; and
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders.

The Managing Director / Whole time Director / Executive Director evaluation form is annexed as “**Annexure 2**” to this Policy.

(ii) Evaluation of Non-Executive Directors other than Independent Directors

In terms of the Code for Independent Directors, the Independent Director(s) on the Board of the Company can evaluate the performance of Non-Independent Director(s)

The broad parameters for reviewing the performance of Non-executive Directors other than Independent Directors are:

- Participation at the Board / Committee meetings;
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behaviour and judgment; and
- Impact and influence.

The Non-Executive Directors other than Independent Director evaluation form is annexed as “**Annexure 3**” to this Policy.

(iii) Evaluation of Independent Directors

The Schedule IV of the Act i.e. “Code for Independent Directors” also provides for the evaluation of Independent Directors. It requires 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 tenure of appointment of the Independent Director. This also means that Independent Directors (other than the Independent Director being evaluated) also become a part to assess the Independent Director being evaluated.

In addition to the parameters laid down for evaluation of all Directors, an Independent Director shall also be evaluated on the following additional parameters:

- Ensure the independence criteria as per the Act and Listing Regulations;
- Ability to contribute to and monitor corporate governance practice; and
- Adherence to the code of conduct for Independent Directors.

In addition to Annexure 3, additional evaluation form for Independent Director is annexed as “**Annexure 4**” to this Policy.

3. EVALUATION OF THE COMMITTEES

The performance of the committees may be evaluated by the Directors, on the basis of the terms of reference of the committee being evaluated.

The broad parameters of reviewing the performance of the Committees, inter alia, are:

- Discharge of its functions and duties as per its terms of reference and made suitable

recommendation to the Board to help in decision making;

- Process and procedures followed for discharging its functions;
- Size, structure and expertise of the Committee; and
- Conduct of its meetings and procedures followed in this regard.

The Committees' evaluation form is annexed as “**Annexure 5**” to this Policy.

4. EVALUATION OF CHAIRPERSON OF THE BOARD

The performance of the Chairperson is linked to both the functioning of the Board as a whole as well as the performance of each director.

In terms of Code for Independent Directors, the Independent Directors shall review the performance of the Chairperson of the Company taking into account the views of the executive directors and non-executive directors.

The broad parameters for reviewing the performance of Chairperson of the Board are:

- Demonstration of leadership qualities;
- Relationship and effectiveness of communication with the shareholders and other stakeholders; and
- Promoting shareholder confidence in the Board.

The Chairperson evaluation form is annexed as “**Annexure 6**” to this Policy.

5. PROCEDURE TO RATE THE PERFORMANCE

The performance of Board, Board Committee, Chairperson and Individual Director may be evaluated based on evaluation parameters as mentioned in this policy. The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance, the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or retirement of the member based on his/her performance rating.

6. EFFECTIVENESS OF THE BOARD

Based on the ratings given to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the appointments, re-appointments and removal of the non-performing Directors of the Company.

7. COMPANY – BOARD MEMBER FEEDBACK

Our Company believes in value for its stakeholders through ethical processes and integrity. The Board plays a very important role in ensuring that the Company's performance is monitored, and timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board member effectively contributes to the Board deliberations.

On collation of all the responses, the feedback may be provided in one or more of the following

ways:

- a. Orally given by Chairperson/ external assessor or any other suitable person to
 - i. Each Member separately
 - ii. To the entire Board
 - iii. To the Committees
- b. A written assessment to every member, Board and Committees

If members are not comfortable to open individual assessments, provision for confidentiality may be provided as per the member's direction. For effectiveness of the evaluation, it is essential that the feedback be given honestly and without bias.

8. ACTION PLAN

8.1 Once responses from all the Directors have been received, a summary of results of the Board evaluation will be submitted to Independent Directors and Chairperson of the Board . Based on the feedback from each member, an average rating for each question will be calculated. All questions with average rating of 4.5 or less have been identified as areas for reflection and action planning. These are not necessarily the problem areas but the areas where processes/ practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas ("Action Plan").

8.2 The Action Plan should carry in detail the following:

- (i) The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
- (ii) Timeline within which the actions detailed in the Action Plan shall be completed.
- (iii) Persons responsible for the implementation of the Action Plan.
- (iv) Resources required to achieve the objectives set out in the Action Plan.

The Board must review the actions set out in the Action Plan within a specific time period.

9. INTERPRETATION

In any circumstance where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation, or standard governing the Company, the said law, rule, regulation or standard will take precedence over this Policy.

10. POLICY REVIEW

Subject to the approval of the Board, the NRC reserves its right to review and amend this Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution NRC and approved by the board of the Company.

As performance review is not a static process and requires periodical review, the responsibility of such review of the evaluation process lies with the Board of Directors in accordance with Listing Regulations and the Act.

The Board may periodically review the policy on the following parameters:

- a) Whether objectives and criteria for evaluation are adequate or needs to be changed/ updated
- b) Whether the process/method of evaluation is appropriate for individual members, Committees and the Board
- c) Whether the actions based on the Board evaluation is being followed up on a timely basis
- d) Whether the Board evaluation has enhanced effectiveness of the Board
- e) Whether the review of the process is being done on a regular basis
- f) Whether feedback of the members to improve the process is being taken into account

Such review may be done based on feedback from the Management, Board members, Chairperson, external assessors, various stakeholders, etc.

11. DISCLOSURE

All the applicable disclosure shall be made In accordance with the provisions of the Listing Regulations and the Act.

Board of Directors Evaluation Form
(By all the Board members)

Sr. No.	Assessment Criteria	Rating	Remarks
1.	The composition of the Board has appropriate combination of knowledge and skills required to drive Organizational performance		
2.	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities		
3.	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law to the Board		
4.	Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.		
5.	The Board meeting agendas are well-balanced, allowing appropriate time for the most critical issues and the Board receives timely, accurate, and useful information upon which to make decisions and address issues that might present a conflict of interest.		
6.	The Board appropriately considers internal audit reports, management's responses, and steps towards improvement		
7.	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).		
8.	Company has formulated a system for Corporate Social Responsibility, Stakeholder Relationships and for prohibition of insider trading		
9.	The Board has adequate number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.		

**MANAGING DIRECTOR / WHOLE TIME DIRECTOR / EXECUTIVE DIRECTOR
EVALUATION FORM**

(By all the Board members)

Name of the Director: _____

Sr. No.	Assessment Criteria	Rating	Remarks
1.	The MD/WTD/ED's leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards building brand of the Company		
2.	The MD/WTD/ED has demonstrated sound knowledge of governance procedures and has consistently followed them		
3.	The MD/WTD/ED work with the other Board members as a team, striving for consensus when it is called for.		
4.	The MD/WTD/ED's adherence to ethical standards & code of conduct of Company		
5.	The MD/WTD/ED's attendance, participations in the Meetings and timely inputs in the meetings		
6.	The MD/WTD/ED understand his fiduciary duties and acts for the benefit of all members		

Annexure 3

NON-EXECUTIVE DIRECTOR EVALUATION FORM

(1. Evaluation 'Non-executive Director other than Independent Director' by Independent Director

(2. Evaluation of 'Independent Director' by all the Board Members

Name of the Director: _____

Sr. No.	Assessment Criteria	Rating	Remarks
1.	Attends the Board and Committee meetings and contributes to the discussion in a meaningful and helpful way, listening to others and making his / her points concisely.		
2.	Understands his / her fiduciary duties and acts for the benefit of all members and the Company		
3.	Abides by code of conduct and adheres to ethical standards		
4.	Makes efforts to be educated on the aspects of the business of the Company.		
5.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.		
6.	Interpersonal relations with other directors and management and works with other Board members as a team.		
7.	Communicates governance and ethical problems to the Chairperson of the Committee / Board.		

INDEPENDENT DIRECTOR EVALUATION FORM

(By all the all the Board members)

In addition of Annexure 3, the evaluation of Independent Directors shall be done based on below criteria:

Sr. No.	Assessment Criteria	Rating	Remarks
1.	Director helps in bringing independent judgment during board deliberations on strategy, performance, risk management etc.		
2.	Director has effectively assisted the Company in implementing best corporate governance practices and then monitors the same.		
3.	Refraining from any action that may lead to loss of his independence and immediately informing the Board where such circumstances arise/may arise.		
4.	Adheres to all other standards of the Code for Independent Directors as per the Schedule IV to the Companies Act, 2013		

BOARD COMMITTEES EVALUTION FORM

(By all Board members)

Name of the Committee:

Sr. No.	Assessment Criteria	Ratings	Remarks
1.	Committee of the Board are appropriately constituted and are in line with the applicable laws		
2.	The terms of reference, roles and responsibilities of the committees are in line with the applicable laws and are actively adhered to by the members.		
3.	Committee meetings are conducted in a manner that encourages meaningful participation of its members.		
4.	Committee takes effective and proactive measures to perform its functions.		
5.	Committee meetings are organized properly and appropriate procedures are being followed		
6.	Committee of the Board has contributed and made suitable recommendation to the Board to help in decision making.		

CHAIRPERSON EVALUTION FORM

(By all the Board members)

Name of the Chairperson being evaluated: _____

Sr. No.	Assessment Criteria	Rating	Remarks
1.	The Chairperson of the Board guides the Board in meeting as per the requirements under the Companies Act 2013 and SEBI Listing Regulations.		
2.	The Chairperson conducts the Board meetings in a respectful and efficient manner.		
3.	The Chairperson is accessible to all Directors. He communicates and consults with Directors between Board Meetings, if required.		
4.	The Chairperson provides constructive feedback to Directors to help them enhance their contribution and effectiveness.		
5.	The Chairperson is open to receive feedback and suggestions from Directors to enhance Board's and his/her own effectiveness.		