

POLICY FOR EVALUATION OF PERFORMANCE – ACUTAAS CHEMICALS LIMITED

POLICY FOR EVALUATION OF THE PERFORMANCE OF BOARD OF DIRECTORS, COMMITTEES AND DIRECTORS

INTRODUCTION

As one of the most important functions of the Board of Directors is to oversee the functioning of company's top management, this policy aims at establishing a procedure for conducting periodical evaluation of Directors' performance and formulating the criteria for evaluation of the Board, its Committees and every Director of the company. Company has made this policy to comply with various provisions of Section 134 and 178 and the Code for Independent Directors under Schedule IV of the Companies Act, 2013 and Regulation 17(10), 25(4) and Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

OBJECTIVE

The object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company, its Committees, Chairperson and all Directors.

RESPONSIBILITY

Responsibility of the Board

It shall be the duty of the Nomination and Remuneration Committee or the Chairperson of the Board, who shall be supported by Company Secretary to organise the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the Board's, Directors' and Committees' effectiveness, to maximise their strength and to tackle their shortcomings.

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

- a. The performance evaluation of Independent Director shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.
- b. Board may also conduct the performance evaluation of its Committees & Non Independent Directors, Managing Director & Chairperson, if it is deemed necessary.
- c. The Board shall discuss and analyse performance evaluation report of its performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- d. Review performance evaluation reports of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- e. Review the various strategies of the company and accordingly set the performance objectives for Directors.
- f. Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

Responsibility of the Nomination & Remuneration Committee

The Nomination and Remuneration Committee (hereinafter referred to as "**Committee**") may evaluate the performance of individual Directors, Board and its Committees, as per its terms of reference and the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013.

Responsibility of Independent Directors

Independent Directors are bound 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 review the performance of Non-Independent Directors, performance of the Chairperson of the Company and Board as a whole, taking into account the views of executive directors and non-executive directors.

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The independent directors at their separate meetings shall:

- (a) review the performance of Non-Independent Directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors; reasonably perform their duties.

The Evaluation report shall be submitted to either the Nomination & Remuneration Committee or the Chairperson of Board.

PERFORMANCE EVALUATION CRITERIA

The Committee has laid down the criteria for evaluation of the individual Directors, Chairperson & Managing Director, Board as a whole and its Committees as per the performance evaluation sheet enclosed to this Policy. Based on evaluation criteria laid down in this Policy, the Board Members shall rate the performance of each and every Director, Board & its Committees, including the Chairperson of the Company. The Committee based on overall performance evaluation rating shall decide the performance and effectiveness of the Board as a whole, its Committees & each and every Director.

PROCEDURE FOR EVALUATION:

The Committee in assistance with the Company Secretary, will be responsible for the distribution of the evaluation forms and the collection and tabulation of the forms and schedule calls or necessary meetings to facilitate the evaluation. The individual comments and views as filled in the evaluation forms, may also be discussed in Committee meeting, including discussion with the Independent Director and the Board of Directors. The Committee shall meet thereafter to discuss upon and deliver the final evaluation results to the Board of Directors. The evaluation results may impact the Director's compensation. Therefore, the annual review and determination of the Executive Directors compensation will be decided as per the evaluation results.

Board's Evaluation:

The Board assessment of performance in relation to the Board's key responsibilities shall include:

- meeting the business expectation and strategic planning;
- discharging the board's legal and ethical obligations;
- monitoring entity performance;
- monitoring and reviewing the performance of the chief executive; and
- managing relationships with stakeholders.

Board Committees Evaluation

This Policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in its terms of reference. Each year, the Board will undertake the following activities:

- The Board will review the necessity of establishing any committees and delegating certain of its responsibilities to the Committee.
- The Board will review the committees' achievements during the year based on their duties.
- The Board will review the terms of reference of the committees from time to time to ensure that they are in accordance with applicable law.

POLICY REVIEW

Subject to the approval of Board of Directors, the "Nomination and Remuneration Committee" 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 at a meeting of the Nomination and Remuneration Committee.

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DISCLOSURE

In accordance with the requirement under the Act, disclosure regarding the manner in which the performance evaluation has been done of the performance of Board of Directors, performance of various committees of directors and individual directors' performance will be made by the Board of Directors in the Board's Report. Further, the Board's Report containing such statement will be made available to the shareholders at the general meeting of the Company.

The Policy shall be made available on Company's official website and the key features of this Policy shall also be included in the corporate governance statement contained in the Annual Report of the Company.
