

EXXARO TILES LIMITED



Board Evaluation Policy (“Policy”)

**(Approved by the Board of Directors of the Company at its meeting held on
05th January 2021)**

**Exxaro Tiles Limited
Regd. Office: Survey No: 169 &
170, Vavdi Harsol Road, Mahelav,
Talod, Sabarkantha-383305,
Gujarat.**



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1 INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 4 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company is required to adopt a Policy on evaluation of Individual Director, Committees of the Board and the functioning of the Board as a whole. This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and as per Regulation 4 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Policy has been framed with an objective to ensure individual Directors and the Board as a whole, work efficiently and effectively in achieving their functions. The policy has been formulated by the Nomination and Remuneration Committee ("NRC") of the Company and approved by the Board of Directors at its meeting held on 05th January 2021

OBJECTIVE

The objective is to assess the effectiveness of the Board as a whole and various Committees with an objective to review and improve the overall functioning of the Board.

Individual Board members are assessed on their effective contribution and commitment to their role and responsibilities as Directors.

Each year the Board will undertake the following activities:

- (i) The Chairman will meet with each Non-executive Director separately to discuss individual performance and ideas for improvement.
- (ii) The Board as a whole will discuss and analyze its own performance during the year including suggestions for change or improvement.

2 KEY FUNCTIONS OF THE BOARD

As enumerated in SEBI LODR, the Board should fulfill certain key functions, including:

- (i) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- (ii) Monitoring the effectiveness of the company's governance practices and making changes as needed.
- (iii) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

- (iv) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- (v) Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- (vi) Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (vii) Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (viii) Overseeing the process of disclosure and communications.
- (ix) Monitoring and reviewing Board Evaluation framework.

3 BOARD EVALUATION AND PERFORMANCE

Board evaluation typically examines the role of the Board and the entailing responsibilities, and assesses how effectively these are fulfilled by the Board. The effectiveness of the Board depends on a variety of factors, some of which are derived from the above functions of the Board.

- (i) **Board Structure:** its composition, constitution and diversity and that of its Committees, competencies of the members, board and committee charters, frequency of meetings, procedures;
- (ii) **Dynamics and Functioning of the Board:** annual Board calendar, information availability, interactions and communication with senior executives, Board agenda, cohesiveness and the quality of participation in Board meetings;
- (iii) **Business Strategy Governance & Monitoring role:** Board's role in company strategy; Monitoring of policies, strategy and systems implementation;
- (iv) **Financial Reporting Process, Internal Audit and Internal Controls:** The integrity and the robustness of the financial and other controls, regarding abusive related party transactions, Whistle Blower Mechanism and risk management;
- (v) Supporting and Advisory Role; and
- (vi) The Chairman's Role.



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The evaluation of the performance of the Boards is essentially an assessment of how the Board has performed on all the above counts

4 EVALUATION FREQUENCY

The performance of the Board as a whole, its committees and of its members shall be evaluated at least once a year keeping in view the key functions. Annexure has the Board Evaluation Form (Annexure-1) Committee Evaluation Form (Annexure-2) and Director Evaluation Form (Annexure-3). It is the responsibility of the Chairman who shall be supported by the Company Secretary to organize the evaluation process and act on the outcome.

The results of the board evaluation shall remain confidential amongst the Chairman, Directors concerned and the Company Secretary. The evaluation process will be used constructively as a mechanism to improve Board effectiveness.

5 Annual Board and Committee Evaluation Questionnaire

- (i) Questionnaires for capturing various facets of the functioning of Board (enclosed as Annexure-1) and of its Committees (enclosed as Annexure-2) will be circulated among the Directors in the first Week of February every year and the duly filled Evaluation form shall be submitted to the NRC by 15th of March every year.
- (ii) The questionnaire contains certain statements about various facets of the working of the Board and its Committees which will be objectively evaluated by each Director. Each objective answer has been assigned a numeric value. A Director can also provide his/her comments/suggestions in the same questionnaire;
- (iii) Post evaluation by every Director, numeric value assigned to each objective answer for all the statements in the questionnaire will be summed and averaged respectively;
- (iv) The Annual Evaluation Report will be given by the Chairperson at the April/ May Board meeting
- (v) The results of previous evaluation of the Board will be compared with the current performance of the Board, and a report indicating performance improvements and areas of improvements of the Board and its Committees will be presented by the Chairman of the Board.
- (vi) The evaluation results and the Board discussions thereon will be used along with the objective evaluation for preparation of a plan of action by the Nomination and Remuneration Committee at its meeting to be held at the time of adoption of Audited Accounts for the financial year.



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6 ANNUAL EVALUATION OF INDIVIDUAL DIRECTOR

- (i) A Director Survey Form (Enclosed as Annexure 3) will be filled up by every Director. The Form contains questions examining the following facets of the Director:
 - (a) Knowledge/Skills
 - (b) Contribution to the Board
 - (c) Communication/Relationships with Board & Senior Management
- (ii) Once filled up, these forms are required to be submitted to the Chairman of the Board by the Directors on or before March 15, every year.
- (iii) The results can be individually discussed and feedback can be provided to the Director by the Chairman of the Board.

7 AMENDMENTS

The results can be individually discussed and feedback can be provided to the Director by the Chairman of the Board