

JSW ISPAT SPECIAL PRODUCTS LIMITED
(FORMERLY KNOWN AS MONNET ISPAT AND ENERGY LIMITED)

PERFORMANCE EVALUATION POLICY

Preface

Policy Title	Performance Evaluation Policy
Version Number 1.00	Effective Date 01 December 2015
Authorised by	Board of Directors
Number of Revisions since 2015	1
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As a Corporate Governance measures, the Companies Act, 2013 (“Act”) provides that the performance of the board of directors of listed companies and prescribed class of companies must be reviewed regularly. For this purpose, the Nomination and Remuneration Committee of a company is required under Section 178 of the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) to formulate a policy for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. Based on such performance evaluation, re-appointment, the extension and/or continuation of the terms of appointment of the independent directors, remuneration of directors, shall be determined.

The purpose of the policy is to give all directors an opportunity to evaluate and discuss the Board’s performance with candor and from multiple perspectives. The evaluation will determine whether or not the Board is functioning well as also to ensure continuous improvement in the way the Board conducts its business. Additionally, 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 aims at establishing a procedure for conducting periodical evaluation of the performance of Board, its committees and individual directors’ and formulating the criteria for determining qualification, positive attribute and independence of directors of the Company. This policy further aims at ensuring that the committees to which the Board of Directors has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties.

The Nomination and Remuneration Committee shall carry out the **evaluation of performance of every Director**. Further, based on internal policy as applicable to employees the NRC will review and determine the remuneration and any increase thereof, of Key Managerial Personnel and senior employees, subject such approval as may be required and pursuant to applicable provisions of the Companies Act 2013, NRC Policy of the Company and other applicable laws.

RESPONSIBILITY OF BOARD;

The Chairman of the Board, supported by the Company Secretary to organize the evaluation process, as per this policy. The evaluation process will be used constructively as a system to improve the directors" and committees" effectiveness, to maximize their strength and to tackle their shortcomings.

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

- I. The Chairman of the Company shall meet with each and every director individually to discuss his / her performance for the financial year.
- II. Review performance evaluation reports submitted by the Chairperson 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.
- III. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- IV. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- V. **The evaluation of independent directors** shall be done by the entire board of directors which shall include (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management. Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

Responsibility of Independent Directors;

The independent directors of the Company shall hold at least one meeting in a year to;

- i. review the performance of the non- independent directors,
- ii. review the performance of the Chairperson of the Company taking into account the views of executive directors and non-executive directors.

- iii. Review the performance of the Board as a whole,
- 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.

EVALUATION PROCESS AND FACTORS;

The process will be initiated each year by the Chairman of the Board. At the discretion of the Board, the Company Secretary or any other person designated by the Board, will coordinate with respect to the Board and directors’ self-evaluation or an external consultant may be appointed to assist this process of evaluation.

The Directors and the Board of Directors may pay regards to the following parameters for the purpose of self-evaluating the performance of a particular director: Appropriate **templet/questionnaire** on the said parameters will be provided to directors for the purpose of evaluation;

Rating Scale

Scale	Performance
5	<i>Exceptionally good</i>
4	<i>Good</i>
3	<i>Satisfactory</i>
2	<i>Needs improvement</i>
1	<i>Unacceptable</i>

SELF EVALUATION PARAMETERS FOR DIRECTORS;

- Qualifications, experience and competency for effective Board functioning
- Commitment to Board and entity
- Attendance & constructive participation in meetings in meetings of Board & committees and attendance in general meetings
- Leadership qualities and initiative with respect to various areas of board affairs
- Sufficiency of understanding and knowledge of the entity and sector it operates
- Rendering independent, unbiased opinion and raising of concerns to the Board
- Communication of governance and ethical issues to the Board wherever it is required
- Team work attributes
- Do not hesitate to challenge the company polices/ practices/strategies whenever necessary

Additional criteria for Independent Director;

- Adequacy of disclosure of Independence and non – independence, if exists to avoid conflict of interest and level of integrity
- Exercise his/her own judgement and voices opinion freely

Additional criteria for Chairperson performance evaluation;

- **Effectiveness** of leadership and ability to steer the meetings effectively
- **Impartiality:** Level of impartiality in conducting discussions, seeking views and dealing with dissent, etc.
- **Commitment:** Whether the Chairperson is sufficiently committed to the Board and its meetings.
- **Ability to keep shareholders' interests in mind** during discussions and decisions

REVIEW OF PERFORMANCE OF BOARD AND COMMITTEES;

For evaluating the performance of the Board and each committee, the Board of Directors to consider the following aspects:

- Board has full and common understanding of the roles and responsibilities of the board
- Diversity of thought, experience, knowledge, perspective and gender of directors to conduct Board/Committee affairs effectively
- The process of appointment to the board of directors is clear and transparent
- Regularity and frequency of meetings held are adequate
- Review of Company's policies & code of conduct of Company
- Coordination with other committees and Board of Directors
- The agenda with required routine, operational and strategic information is circulated well before the meeting and quality of agenda details
- Follow-up matters of previous meeting taken up in subsequent agendas
- Time allotted for every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject
- The environment of the meeting induces free-flowing discussions, healthy debate and contribution by everyone without any fear or fervor
- The minutes are being recorded properly- clearly, completely, accurately and consistently.
- Adequacy of discussion at the meeting on corporate strategy, major plans of action, risks, annual budgets and business plans, capex, compliance issues etc.,
- Adequacy of discussion to ensure the integrity of accounting and financial reporting systems, independent audit, and appropriate systems of internal control are in place.
- The Board acts are based on fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders.
- Treatment by the Board to shareholders and stakeholders is fair where decisions of the board of directors may affect different shareholder/ stakeholder groups differently.
- Adequacy of secretarial and logistical support

Feedback Process;

Providing feedback to the individual directors, the Board and the Committees is crucial for success of Board Evaluation. On collation of all the responses, the feedback may be provided by Chairman orally to;

- i. Each Member separately
- ii. To the entire Board
- iii. To the Committees

Action Plan;

Based on the analysis of the responses/feedback, the Board may prepare an action plan on areas of improvement including training, skill building, etc. as may be required for Board members.

Remuneration;

The Company aspires to pay performance linked remuneration to its directors, key managerial personnel and other senior employees. For this reason, based on the fore-stated criteria of evaluation of performance of directors (independent as well as non-independent directors), their remuneration shall be determined and reviewed from time to time by the Nomination and Remuneration Committee (NRC). Further, based on internal policy as applicable to employees and NRC will review and determine the remuneration and any increase thereof, of Key Managerial Personnel and senior employees, subject such approval as may be required and pursuant to applicable provisions of the Companies Act 2013, NRC Policy of the Company and other applicable laws.

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.

Disclosure;

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, disclosures will be made in the Board Report regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various Committees of Board and individual Directors. The Company shall disclose the evaluation criteria in its Annual Report as per applicable law.