

EPACK Durable Limited

(Formerly EPACK Durable Private Limited)

POLICY ON EVALUATION FRAMEWORK OF BOARD OF DIRECTORS

Regd. Office: 61-B, Udyog Vihar, Surajpur, Kasna Road, Greater
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POLICY ON EVALUATION FRAMEWORK OF BOARD OF DIRECTORS

1. Introduction

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) contain broad provisions on Board Evaluation i.e., evaluation of the performance of: (i) the Board as a whole, (ii) individual directors (including independent directors and Chairperson) and (iii) various Committees of the Board. The provisions also specify responsibilities of various persons / committees for conduct of such evaluation and certain disclosure requirements as a part of the listed entity's corporate governance obligations.

The Board of directors (the “Board”) of EPACK Durable Limited (“Company”) has, basis the recommendation of the Nomination and Remuneration Committee (‘NRC’), adopted this Board of Directors’ Evaluation Framework (“Policy”) on November 09, 2023, to comply with the various provisions under Regulation 19 read with Schedule II of the SEBI LODR Regulations and the Companies Act, 2013.

This policy shall come into effect from the date of listing of equity shares of the company on the stock exchanges.

2. Objective

The purpose of the Board Evaluation Framework is enumerated below:

- i. To ensure corporate governance standards are maintained
- ii. To facilitate the identification of the areas of concern and the areas to be focused upon for enhancing the functioning of the Board.
- iii. To create awareness about the role of Directors individually, and collectively as a Board.
- iv. To steer the Board in direction of achieving the Company’s Mission and Vision.

3. Regulatory Framework

The main provisions of Companies Act, 2013 and SEBI LODR Regulations on Board Evaluation as applicable to listed entities is provided in Annexure-I.

a) Role of the NRC:

- I. NRC shall formulate criteria for evaluation of performance of independent directors and the board of directors.
- II. 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 the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance
- III. NRC will recommend to the Board whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

b) Role of independent directors:

- a. In the meeting of independent directors of the company (without the attendance of non-independent directors and management), such directors shall:
 - i. review the performance of non-independent directors and the Board as a whole.

- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
 - iii. 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.
- b. The independent directors shall bring an objective view in the evaluation of the performance of board and management.

Evaluation of independent directors: The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

4. Evaluation Guidelines

As required under SEBI LODR Regulations and Companies Act, the following will be evaluated:

- I. Board as a whole
- II. Committees of the Board
- III. Individual Directors and Chairperson (including Chairperson of committees, Independent Directors, Non-independent directors, etc.)

a) Broad Parameters of evaluation

Performance is assessed basis following parameters:

- I. Contribute to and monitor corporate governance practices.
- II. Commitment to the fulfilment of a director's obligations.
- III. Fiduciary responsibilities; and
- IV. Any other aspects agreed by Nomination & Remuneration Committee from time to time. Indicative list is provided in Annexure-II.

b) Method of evaluation

The method of evaluation is as provided in Annexure-III.

c) Frequency of evaluation

In accordance with the provisions of SEBI LODR Regulations and Companies Act, 2013 the Board Evaluation will be done once a year.

5. Policy Review

Board evaluation is not a static process and requires periodical review for improvement. The responsibility of such review of the evaluation process will lie with the Board of Directors in accordance with SEBI LODR Regulations. Such review may be done based on feedback from management, Board members, Chairperson, etc.

6. Responsibility

Responsibility of the Board Evaluation lies with the NRC Chairperson. The Chairperson will be supported by the Company Secretary for administration and compliance of this Policy.

7. Disclosures

In accordance with the requirement under the Companies Act, 2013 read with Rules made

thereunder and SEBI LODR Regulations, disclosures of manner of formal annual evaluation of the Board, its committees, and individual directors and of performance evaluation criteria for independent directors will be made in the Report of Board of Directors/Annual Report.

8. Amendment

In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

9. Version Control

Version	Description	Date
Version 1	Policy on evaluation framework of board of directors	November 09, 2023

10. Effective Date

This Policy was approved and adopted by the Board on November 09, 2023

Annexure-I

Main provisions under Companies Act, 2013 with respect to Board Evaluation:

Section 134(3)- There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include-

(p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, 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.

Section 178(2)- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and 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 the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

SCHEDULE IV OF THE COMPANIES ACT, 2013: CODE FOR INDEPENDENT DIRECTORS

- i. **Role and functions.** (2) The independent directors shall bring an objective view in the evaluation of the performance of board and management.
- ii. **Re-appointment:** The re-appointment of independent director shall be based on report of performance evaluation.
- iii. **Separate meetings:**
 - (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
 - (2) All the independent directors of the company shall strive to be present at such meeting.
 - (3) The meeting 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, considering the views of executive directors and non-executive directors.
 - c. 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.
- iv. **Evaluation mechanism:**
 - (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
 - (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Rule 8 (4) of the Companies (Accounts) Rules, 2014

Every listed company and every other public company having a paid-up share capital of twenty-five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, 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.

Main provisions under SEBI LODR Regulations with respect to Board Evaluation

CHAPTER II:

4(2)(f)(ii): Key functions of the board of directors- (9) Monitoring and reviewing board of director's evaluation framework.

Chapter IV:

17(10): The performance evaluation of independent directors shall be done by the entire board of directors:

Provided that in the above evaluation the directors who are subject to evaluation shall not participate:

25: (3) The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

(4) The independent directors in the meeting referred in sub-regulation (3) shall, inter-alia-

(a) review the performance of non-independent directors and the board of directors as a whole.

(b) review the performance of the chairperson of the listed entity, considering the views of executive directors and non-executive directors.

(c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Schedule II (PART D) (A) ROLE OF NOMINATION AND REMUNERATION COMMITTEE:

Role of committee shall, inter-alia, include the following:

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors.

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of independent directors.

Schedule V: Corporate Governance Report.

The following disclosures shall be made in the section on the corporate governance of the annual report.

(4) Nomination and Remuneration Committee:

(d) performance evaluation criteria for independent directors.

Annexure-II

Criteria of evaluation:

A. Board as a whole

a. Structure of the Board:

- i. **Competency of directors:** (*Different competencies may be identified as may be required for effective functioning of the entity and the Board*) -Whether Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.
- ii. **Experience of directors:** Whether Board as a whole has directors with enough experience to conduct its affairs effectively.
- iii. **Mix of qualifications:** Whether Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively.
- iv. **Diversity in Board under various parameters:** Gender/background/competence/experience, etc. – Whether there is sufficient diversity in the Board on the aforesaid parameters.
- v. **Appointment to the Board:** Whether the process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors.

b. Meetings of the Board:

- i. **Regularity of meetings:** Whether meetings are being held on a regular basis
- ii. **Frequency:**
 1. Whether the Board meets frequently
 2. Whether the frequency of such meetings is enough for the Board to undertake its duties properly
- iii. **Logistics:** Whether the logistics for the meeting is being handled properly- venue, format, timing, etc.
- iv. **Agenda:**
 1. Whether the agenda is circulated well before the meeting
 2. Whether the agenda has all relevant information to take decision on the matter
 3. Whether the agenda is up to date, regularly reviewed and involves major substantial decisions
 4. Whether the quality of agenda and Board papers is up to the mark (explains issues properly, not overly lengthy, etc.)
 5. Whether outstanding items of previous meetings are followed-up and taken up in subsequent agendas
 6. Whether the time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject
 7. Whether the Board is able to finish discussion and decision on all agenda items in the meetings
 8. Whether adequate and timely inputs are taken from the Board members prior to setting of the Agenda for the meeting
 9. Whether the agenda includes adequate information on Committee's activities

- v. *Discussions and dissent:*
1. Whether the Board discusses every issue comprehensively and depending on the importance of the subject
 2. Whether the environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear or fervour
 3. Whether the discussions generally add value to the decision making
 4. Whether the Board tends towards groupthink and whether critical and dissenting suggestions are welcomed
 5. Whether all members actively participate in the discussions
 6. Whether overall, the Board functions constructively as a team
- vi. *Recording of minutes:*
1. Whether the minutes are being recorded properly- clearly, completely, accurately and consistently.
 2. Whether the minutes are approved properly in accordance with set procedures.
 3. Whether the minutes are timely circulated to all the Board members
 4. Whether dissenting views are recorded in the minutes
- vii. *Dissemination of information:*
1. Whether all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly
 2. Whether Board is adequately informed of material matters in between meetings
- c. **Functions of the Board:**
(Functions of the Board have been specified in detail in Chapter II of SEBI LODR and Companies Act)
- i. ***Role and responsibilities of the Board:*** Whether the same are clearly documented
E.g. Difference in roles of Chairman and CEO, Matters reserved for the Board, etc.
 - ii. ***Strategy and performance evaluation:***
 1. Whether significant time of the Board is being devoted to management of current and potential strategic issues
 2. Whether various scenario planning is used to evaluate strategic risks
 3. Whether the Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments.
 - iii. ***Governance and compliance:***
 1. Whether adequate time of the Board is being devoted to analyse and examine governance and compliance issues
 2. Whether the Board monitors the effectiveness of its governance practices and makes changes as needed
 3. Whether the Board ensures the integrity of the entity'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.

4. Whether the Board oversees the process of disclosure and communications.
 5. Whether the Board evaluates and analyses the compliance certificate from the auditors / practicing company secretaries regarding compliance of conditions of corporate governance.
- iv. *Evaluation of Risks:*
1. Whether Board undertakes a review of the high risk issues impacting the organization regularly
 2. In assessment of risks, whether it is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.
- v. *Grievance redressal for Investors:*
- Whether the Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.
- vi. *Conflict of interest:*
1. Whether the Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions
 2. Whether a sufficient number of non-executive members of the board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest
- vii. *Stakeholder value and responsibility:*
1. Whether the decision making process of the Board is adequate to assess creation of stakeholder value
 2. Whether the Board has mechanisms in place to communicate and engage with various stakeholders
 3. Whether the Board acts on a 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.
 4. Whether the Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different shareholder/ stakeholder groups differently.
 5. Whether the Board regularly reviews the Business Responsibility Reporting / related corporate social responsibility initiatives of the entity and contribution to society, environment etc.
- viii. ***Corporate culture and values:*** Whether the Board sets a corporate culture and the values by which executives throughout a group shall behave
- ix. ***Review of Board evaluation:*** Whether the Board monitors and reviews the Board evaluation framework.
- x. ***Facilitation of independent directors:*** Whether the Board facilitates the independent

directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively.

d. **Board and management:**

i. *Evaluation of performance of the management and feedback:*

1. Whether the Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance
2. Whether the measures used are broad enough to monitor performance of the management
3. Whether the management's performance is benchmarked against industry peers
4. Whether remuneration of the management is in line with its performance and with industry peers
5. Whether remuneration of the Board and the management is aligned with the longer term interests of the entity and its shareholders.
6. Whether the Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation.
7. Whether the Board 'steps back' to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the entity's focus.

ii. ***Independence of the management from the Board:*** Whether the level of independence of the management from the Board is adequate

iii. ***Access of the management to the Board and Board access to the management:*** Whether the Board and the management are able to actively access each other and exchange information

iv. ***Secretarial support:*** Whether adequate secretarial and logistical support is available for conducting Board meetings

v. ***Fund availability:*** Whether sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting, etc.

vi. ***Succession plan:*** Whether an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board

e. **Professional development:**

- i. Whether adequate induction and professional development programmes are made available to new and old directors
- ii. Whether continuing directors training is provided to ensure that the members of board of directors are kept up to date

B. Committees of the Board

- a. **Mandate and composition:** Whether the mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.
- b. **Effectiveness of the Committee:** Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.
(For different Committees, different functions may be laid out as sub-criteria for evaluation)
- c. **Structure of the Committee and meetings:**
 - i. Whether the Committees have been structure properly and regular meetings are being held.
 - ii. In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board.
- d. **Independence of the Committee from the Board:** Whether adequate independence of the Committee is ensured from the Board.
- e. **Contribution to decisions of the Board:** Whether the Committee's recommendations contribute effectively to decisions of the Board.

C. Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.)

General

- a. **Qualifications:** Details of professional qualifications of the member.
- b. **Experience:** Details of prior experience of the member, especially the experience relevant to the entity.
- c. **Knowledge and Competency:**
 - i. How the person fares across different competencies as identified for effective functioning of the entity and the Board (*The entity may list various competencies and mark all directors against every such competency*)
 - ii. Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates.
- d. **Fulfillment of functions:** Whether the person understands and fulfills the functions to him/her as assigned by the Board and the law (E.g. Law imposes certain obligations on independent directors)
- e. **Ability to function as a team:** Whether the person is able to function as an effective team- member.
- f. **Initiative:** Whether the person actively takes initiative with respect to various areas.
- g. **Availability and attendance:** Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.
- h. **Commitment:** Whether the person is adequately committed to the Board and the entity.
- i. **Contribution:** Whether the person contributed effectively to the entity and in the Board meetings.
- j. **Integrity:** Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).

Additional criteria for Independent director:

- a. **Independence:** Whether person is independent from the entity and the other directors and there if no conflict of interest.
- b. **Independent views and judgement:** Whether the person exercises his/ her own judgement and voices opinion freely.

Additional criteria for Chairperson:

- a. **Effectiveness of leadership and ability to steer the meetings:** Whether the Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively.
- b. **Impartiality:** Whether the Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.
- c. **Commitment:** Whether the Chairperson is sufficiently committed to the Board and its meetings.
- d. **Ability to keep shareholders' interests in mind:** Whether the Chairperson is able to keep shareholders' interest in mind during discussions and decisions.

Annexure-III

Mechanism of performance evaluation as determined and approved by the Nomination and Remuneration Committee at its meeting held on November 09, 2023.

- A.** The process will be initiated each year by the Chairman of the Board. At the Board's discretion, the Company Secretary or any other person designated by the Board, will circulate to each member of the Board self-evaluation questionnaire. The Company Secretary or any other person designated by the Board may engage external consultant to assist in the process of evaluation.

B. Meeting of Independent Directors:

At the meeting of Independent Directors, following evaluation shall take place:

- (1) Review of the performance of non-independent directors;
- (2) Review of the performance of Board as a whole;
- (3) Review of the performance of the Chairperson of the company and each Committees, taking into account the views of all Directors.

C. Meeting of Board of Directors:

At the meeting of Board of Directors, following shall be considered, discussed/evaluated:

- (1) Consider and deliberate on the suggestions provided by the Independent Directors pursuant to their separate meeting held, as aforesaid;
- (2) Review and evaluate performance of Executive Directors, Non-Executive Directors and Independent Director, excluding the director being evaluated
- (3) Review and evaluate its own performance and its committees thereof
- (4) On the basis of the report of performance evaluation, Board shall determine whether to extend or continue the term of appointment of the Independent Director;
