

PERFORMANCE EVALUATION POLICY OF THE BOARD OF DIRECTORS OF THE COMPANY



INTRODUCTION

The policy has been formulated in accordance with Sections 134(3)(p) and 178(2) of the Companies Act, 2013 (“**Companies Act**”) and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), which mandate the nomination and remuneration committee (“**NRC**”) to formulate the criteria for evaluation of performance of:

- (i) the board of directors of the Company (“**Board**”) as a whole;
- (ii) individual directors (including independent directors (“**ID**”) and chairperson); and
- (iii) various committees of the Board.

Clean Max Enviro Energy Solutions Limited (“**Company**”) believes that a robust performance evaluation policy is essential for effective governance. Pursuant to the provisions of the applicable law, the Company, upon the recommendation of the NRC, has adopted this Performance Evaluation Policy of the Board of Directors of the Company (“**Policy**”), for, among others, conducting the evaluation of the Board.

This Policy has been approved by the NRC at its meeting held on 13 August 2025 and by the Board at its meeting held on 14 August 2025.

This Policy shall come into force with effect from the date on which the Board approves this Policy.

PURPOSE AND SCOPE

The purpose and scope of this Policy is to establish the process for effective evaluation of performance of Board by adopting best practices to manage the affairs of the Company (collectively called “**Board Performance Evaluation/ Performance Evaluation**”).

The Board Performance Evaluation is designed to/for:

1. Review the pre-determined role of the overall Board and individual directors;
2. Annual review of directors’ performance and their engagements in the affairs of the Company; collectively by assessing the Board’s effectiveness; and individually by assessing the quality of a directors’ contribution in Board discussions, business proposals and corporate governance responsibilities;
3. Fulfilment of the independence criteria as specified in the SEBI Listing Regulations and other applicable law and their independence from the management;
4. Evaluation of the directors’ quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge;
5. Evaluation of the executive directors shall be carried out by the entire Board except the executive director being evaluated;

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6. Succession plan for the evaluation of the performance of the Board;
7. Adoption of best practices to manage the affairs of the Company in a seamless manner; and
8. Ensure long term value creation for stakeholders by achieving good corporate governance.

PERFORMANCE EVALUATION PROCESS

The Performance Evaluation shall be carried out annually against the parameters indicated in the respective questionnaires. The Performance Evaluation process shall involve the following steps:

- (i) Identifying areas for Performance Evaluation;
- (ii) Formulating a questionnaire on the areas for Performance Evaluation;
- (iii) Obtaining responses of individual directors to the questionnaire on a rating scale;
- (iv) Analysing the responses to the questionnaire; and
- (v) Reporting the findings to the Board.

The Board shall review the reports and findings of the above process and develop an action plan for implementation. The Board shall also disclose the criteria laid down by the Board and NRC for the Performance Evaluation on its website and in the annual report of the Company.

RESPONSIBILITY OF BOARD / IDs

It shall be the duty of the Board, who shall be supported by the management, to organize the evaluation process and accordingly conclude the steps required to be taken. In conformity with the requirements of the applicable laws, the Performance Evaluation of all the directors shall be done by the entire Board, excluding the director being evaluated.

IDs, in their separate 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, taking into account the views of executive directors and non-executive directors; and
- (c) assess the quality, quantity and timelines 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 CRITERIA

The NRC shall evaluate the performance of each director as per the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of Section 178 of the Companies Act and based on their functions as mentioned in the Code of Conduct for Board of Directors and Senior Management Personnel and the evaluation criteria mentioned.

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Evaluation to Individual Director:

1. Achievement of financial/business targets prescribed by the Board;
2. Attendance of the directors in the Board and committee meetings;
3. Assessment of the balance of skills, knowledge and experience that the director is contributing to Board;
4. Assessment of leadership qualities and adaptation to business trends, opportunities and priorities;
5. Management of the relationship and alignment with vision of the Company, displaying high ethical standards and integrity and commitment to the Company;
6. Knowledge of finance, accounts, legal, investment, marketing, foreign exchange / hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance;
7. Assessment of ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions;
8. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency;
9. Open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity;
10. Recognizing the role which he / she is expected to play in internal board relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board;
11. His / her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility, etc.;
12. Quality of decision making on source of raw material / procurement of [raw materials] , export marketing, understanding financial statements and business performance, raising of finance, identifying the best source of finance, working capital requirement, forex dealings, geopolitics, human resources, etc.;
13. His / her ability to monitor the performance of management and satisfy himself / herself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders; and
14. His / her contribution to enhance overall brand image of the Company.

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Evaluation of the ID:

Evaluation of IDs shall be carried on by the entire Board which shall include:

1. Performance of the IDs;
2. Fulfilment of the independence criteria as specified in the SEBI Listing Regulations and other applicable law along with an assessment of their independence from the management;
3. Exercise of objective independent judgment in the best of interest of the Company;
4. Their ability to contribute to and monitor corporate governance practice; and
5. Adherence to Code of Conduct for Independent Directors as per the Companies Act (Schedule IV).

With respect to each of the evaluation factors, certain criteria have been provided below to assist with the evaluation process in respect of performance of the Board, its committees and individual directors. Further, such evaluation factors may vary in accordance with their respective functions and duties.

Evaluation of IDs shall be carried on by the entire Board in a similar manner as carried out for the executive directors of the Company, and in terms of the process, the Director being evaluated will not be present for his evaluation.

Appraisal of each director of the Company shall be based on the criteria as mentioned below:

Performance	Rating
Outstanding	5
Exceeds Expectation	4
Meets Expectation	3
Needs Improvement	2
Poor	1

BOARD OF DIRECTORS

The IDs shall take into account the following factors/questions to assess/evaluate the performance of the Board:

No.	Particulars	Ratings	Remarks
1	Structure of the Board		
	i. Competency of Directors:		
	Whether the Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.		
	ii. Experience of Directors:		
	Whether the Board as a whole has directors with enough experience to conduct its affairs effectively.		
	iii. Mix of qualifications:		
	Whether the 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 is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the Board.		
2	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 quality of agenda and the Board papers is up to the mark (explains issues properly, not overly lengthy, etc.).		
	4. Whether outstanding items of previous meetings are followed-up and taken up in subsequent agendas.		

No.	Particulars	Ratings	Remarks
	5. Whether the time allotted for every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject.		
	6. Whether the Board is able to finish discussion and decision on all agenda items in the meetings.		
	7. Whether adequate and timely inputs are taken from the Board members prior to setting of the agenda for the meeting.		
	8. 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 discussions, healthy debate and contribution by everyone without any fear or fervor.		
	3. Whether the discussions generally add value to the decision making.		
	4. Whether the Board tends towards group thinking 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.		
3	Functions of the Board		
	i. Roles and responsibilities of the Board:		
	Whether the same are clearly documented.		
	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 analyze and examine governance and compliance issues.		

No.	Particulars	Ratings	Remarks
	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 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.		
	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 the 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 Company 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 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 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 mechanism 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 Company and the stakeholders.		
	4. Whether the Board treats shareholders and stakeholders fairly where decisions of the Board may affect different shareholder/ stakeholder groups differently.		

No.	Particulars	Ratings	Remarks
	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.		
	ix. Facilitation of IDs:		
	Whether the Board facilitates the IDs to perform their role effectively as a member of the Board and as a member of a committee of Board and any criticism by such directors is taken constructively.		
4	Board and management		
	i. Evaluation of performance of the management and feedback:		
	1. Whether the Board evaluates and monitors management, 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 long-term interests of the Company 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, risk appetite, exposures and the key areas of the Company'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:		

No.	Particulars	Ratings	Remarks
	Whether an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board.		
5	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 are kept up to date.		

COMMITTEES OF THE BOARD

The Board has constituted the following committees:

- (i) Audit committee;
- (ii) NRC; and
- (iii) Any other committee as deemed necessary from time to time.

For evaluating the performance of each committee, the Board shall take into consideration the following factors:

Sr. No.	Particulars	Rating	Remarks
1	Mandate and composition:		
	Whether the mandate, composition and working procedures of committees of the Board is clearly defined and disclosed.		
2	Effectiveness of the Committee:		
	Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.		
3	Structure of the Committee and meetings:		
	i. Whether the Committees have been structured properly and regular meetings are being held.		
	ii. In terms of discussions, agenda, etc., of the meetings, similar criteria as may be laid down as specified above for the entire Board.		
4	Independence of the Committee from the Board:		
	Whether adequate independence of the Committee is ensured from the Board.		
5	Contribution to decisions of the Board:		
	Whether the Committee's recommendations contribute effectively to decisions of the Board.		

INDIVIDUAL DIRECTORS (INCLUDING MANAGING DIRECTOR, IDs, NON-INDEPENDENT DIRECTORS, ETC.)

The following will be taken into considerations while evaluating the performance of individual directors, wherein the concerned director being evaluated shall not be included:

Name of director being assessed: _____

Sr. No.	Assessment criteria	Rating	Remarks/comments
1	General		
	a. Qualifications:		
	Professional qualifications of the member.		
	b. Experience:		
	Details of prior experience of the member, especially the experience relevant to the Company.		
	c. Knowledge and Competency:		
	i. How the person fares across different competencies as identified for effective functioning of the Company and the Board (The Company may list various competencies and mark all directors against every such competency).		
	ii. Whether the person has sufficient understanding and knowledge of the Company and the sector in which it operates.		
	d. Fulfilment of functions:		
	Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law.		
	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 Company.		
	i. Contribution:		
	Whether the person contributed effectively to the Company and in the Board meetings.		
	j. Integrity:		

	Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of Confidentiality, etc).		
2	Additional criteria for ID		
	a. Independence:		
	Whether person is independent from the Company and the other directors and there is no conflict of interest.		
	b. Independent views and judgement:		
	Whether the person exercises his/ her own judgement and voices opinion freely.		
3	Additional criteria for chairman		
	a. Effectiveness of leadership and ability to steer the meetings:		
	Whether the chairman displays efficient leadership, is openminded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively.		
	b. Impartiality:		
	Whether the chairman is impartial in conducting discussions, seeking views and dealing with dissent, etc.		
	c. Commitment:		
	Whether the chairman is sufficiently committed to the Board and its meetings.		
	d. Ability to keep shareholders' interests in mind:		
	Whether the chairman is able to keep shareholders' interest in mind during discussions and decisions.		

REVIEW

The NRC/ Board may amend this Policy, if required, to ascertain its appropriateness as per the needs of the Company.

DISCLOSURE

The Company shall disclose details of its Board Performance Evaluation processes in its Board's Report. The Board's report containing such statement shall indicate the manner in which formal evaluation has been made by the Board of its own performance and that of the committees of the Board and individual directors of the Company.

All responses, findings, and discussions arising out of the Board's Performance Evaluation process shall be treated as confidential. The data shall be used solely for the purpose of Board effectiveness and not disclosed externally unless legally mandated.

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