



POLICY ON EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

OF

SFC ENVIRONMENTAL TECHNOLOGIES LIMITED

(Formerly known as SFC Environmental Technologies Private Limited)

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1. **DEFINITIONS:**

“**Board**” means the Board of Directors of the Company including the Chairperson of the Company.

“**Code of Conduct**” shall mean the code of conduct for Directors as formulated by SFC Environmental Technologies Limited (*Formerly known as SFC Environmental Technologies Private Limited*)

“**Company**” or “**SFC**” shall mean SFC Environmental Technologies Limited (*Formerly known as SFC Environmental Technologies Private Limited*)

“**Companies Act**” shall mean Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

“**Director**” shall mean a director on the Board of the Company.

“**Independent Director**” shall mean an independent director as defined under section 2(47) to be read with Section 149(6) of the Companies Act, 2013.

“**Listing Regulations**” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**NRC**” shall mean the Nomination and Remuneration Committee of the Board of Directors, constituted under the provisions of Section 178 of the Companies Act.

“**Policy**” shall mean this Policy for the evaluation of performance of the Board of Directors and Committees of the Board.

“**SEBI Act**” shall mean the Securities and Exchange Board of India Act, 1992, as amended from time to time.

Interpretation:

Unless defined expressly herein, all capitalised terms used in this Policy shall have the meanings assigned to them under the Companies Act, SEBI Act and rules and regulations thereunder. In the event of any conflict between this Policy and Applicable Law, the Applicable Law shall prevail. Any amendment/modification to the Applicable Law shall automatically apply to this Policy to the extent applicable.

2. **INTRODUCTION:**

This policy is framed to encourage open and effective evaluation of performance of Directors of the Company and to lay down the guidelines and mechanism for undertaking programme of evaluation.

At SFC, we strongly believe that evaluation of the Board is a crucial process linked to the success of the Company. The Board of Directors, being in a fiduciary position, play a crucial role in a Company's growth journey. Therefore, it is crucial to understand the Board and their thought process. Accordingly, the evaluation clearly communicates the opinion of the Independent Directors and helps to create better scope for improvement on the Board and Committee level.

The Board acknowledges its intention to establish and follow "best practices" in corporate governance in order to fulfil its duties and obligation to the Company. The Board believes that the evaluation will lead to improving the efficiency and effectiveness of the Board as a governing body, its Committees, while also welcoming constructive feedback.

3. **OBJECTIVES:**

The objective of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the entire Board and its Committees.

The purpose of such evaluation framework is to *inter alia* facilitate the identification of the areas of concern, create awareness about the role of Directors individually, and collectively as a Board, and to help the Board move forward towards achieving Company's mission and vision.

The Company believes in managing its affairs in a fair and transparent manner with the goal of ensuring that the Board as a whole, its Committees and individual Directors work effectively, with the highest standards of honesty, integrity, and professionalism.

The Company recognises the role of good governance practices in enhancing value creation for shareholders and fulfilling responsibilities towards stakeholders.

This Policy promotes skill diversity and encourages continuous learning for the Board of Directors of the Company.

Accordingly, this Policy sets out the processes and criteria for the evaluation of the performance of:

- a. The Board as a whole;
- b. Individual Directors (including Independent & Non Independent Directors and Chairperson of the Board)

4. FRAMEWORK FOR PERFORMANCE EVALUATION:

I. PERFORMANCE EVALUATION OF EXECUTIVE & NON-EXECUTIVE DIRECTORS:

Performance of Executive Directors shall be evaluated by the entire board of directors, provided that in the said evaluation, the directors who are subject to evaluation shall not participate, which shall include on the parameters as set out in **Annexure A** to this Policy, the provisions of Section 178 of the Companies Act and Listing Regulations and based on their functions as mentioned in the Code of Conduct of the Directors and Senior Management Personnel.

The Board, as applicable, shall also be guided by the criteria provided under the guidance note on Board evaluation dated January 05, 2017 bearing reference number SEBI/HO/CFD/CMD/CIR/P/2017/004 issued by the Securities and Exchange Board of India and guidance issued by the Institute of Company Secretaries of India.

II. PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS:

The performance evaluation of Independent Directors shall be carried out by the entire Board, excluding the Independent Director whose performance is under review and shall include the performance of the Independent Director, fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the Board and management, on the parameters as set out in **Annexure B**. Based on the performance evaluation report, it shall be determined by the NRC whether to extend or continue the appointment of the Independent Director.

III. PERFORMANCE EVALUATION OF THE CHAIRPERSON:

The performance evaluation of the Chairperson shall be carried out by the Independent Directors, on the parameters as set out in **Annexure C**.

IV. PERFORMANCE EVALUATION OF THE BOARD:

The performance evaluation of the Board shall be carried out by each of the Independent Directors on the parameters as set out in **Annexure D**.

- a. In the said evaluation, each Independent Directors shall provide their inputs on the parameters as set out in **Annexure D**, prior to the meeting scheduled for the purpose of evaluation.
- b. The individual evaluation inputs from each of the Directors will also be preserved and a consolidated feedback shall be presented to the Board and the NRC, during the meeting scheduled for evaluation.
- c. The Board will discuss areas that are working well, and those that need attention. The Board will then decide if changes in its governance practices and policies need to be made going forward.
- d. All Directors shall be encouraged to participate in relevant governance, sustainability, technology, and industry learning initiatives to ensure the Board remains forward-looking and informed and updated with ever-changing market standards.

V. CRITERIA FOR EVALUATION OF PERFORMANCE:

The Committee has laid down the following criteria for evaluation of performance of Individual Directors, Chairperson and the Board and its Committees:

- a. Attendance and contribution at Board and Committee Meetings;
- b. Their stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards;
- c. Their knowledge of finance, accounts, legal, investment, marketing, foreign exchange/hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance;
- d. Their ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions;
- e. Effective and efficient decisions making ability to respond positively and constructively to implement the same to encourage more transparency;
- f. Open channels of communication with the Board of Directors, Committee members, KMPs and/or SMPs to maintain high standards of integrity and probity;

- g. Quality of decision making in connection with the business of the Company, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, human resources, etc.;
- h. Their ability to monitor the performance of management and satisfy themselves with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders;
- i. Their contribution towards enhancement of overall brand image of the Company.
- j. Ability to understand and keep themselves updated on the knowledge of company's business, industry, and regulatory framework.
- k. Efforts to adhere to ethical standards and the Code of Conduct
- l. Oversight of compliance with applicable laws and SEBI LODR requirements
- m. Safeguarding the interests of stakeholders and strengthening the Stakeholder's Governance.
- n. Promotes ethical conduct and integrity.
- o. Contribution to long-term value creation and sustainability.
- p. Oversight of CSR Activities and ESG Framework.

5. **AMENDMENT:**

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict or inconsistency between this Policy and any applicable law and rules, the provisions of such applicable law and rules, as in force from time to time, shall prevail.

6. POLICY REVIEW:

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

7. DISSEMINATION OF THE POLICY:

This Policy shall be disclosed by the Company on its Website at <https://sfcenvironment.com/investor/governance/> in adherence with the Listing Regulations or any amendment thereto.

8. EFFECTIVE DATE:

The Policy as approved by the Board of Directors shall be effective from 24th March 2026.

ANNEXURE A: CRITERIA FOR EVALUATION OF EXECUTIVE & NON-EXECUTIVE DIRECTORS

Evaluation Criteria
Attendance at Board and Committee meetings
Adequacy of preparation before meetings
Contribution to Board discussions and decision-making
Understanding of role, duties, and responsibilities under the Companies Act, 2013
Alignment with the Company's vision, mission, and strategic objectives
Knowledge of company's business, industry, and regulatory framework
Contribution to strategic guidance and long-term planning
Quality of inputs, suggestions, and strategic guidance
Communicates governance and ethical problems to the Chairperson of the Board
Respect for diverse viewpoints and collective decision-making
Support in Board committees (Audit, Nomination & Remuneration, Risk etc.)
Overall effectiveness as a Director

ANNEXURE B: CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTORS

Evaluation Criteria
Attendance at Board and Committee meetings
Independence of judgment in decision-making
Preparedness for meetings and contribution to discussions
Seeks appropriate clarification / information and, where necessary, takes appropriate professional advice and opinion of outside experts at the expense of the Company
Adherence to corporate governance and ethical standards
Communicates governance and ethical problems to the Chairperson of the Board
Ability to provide constructive feedback to management
Knowledge of company's business, industry, and regulatory framework
Contribution to strategic guidance and long-term planning
Assists the Company in implementing the best corporate governance practices
Support in Board Committees
Overall effectiveness as an Independent Director
Oversight of CSR Activities and ESG Framework.

ANNEXURE C: CRITERIA FOR EVALUATION OF CHAIRPERSON OF THE BOARD

Evaluation Criteria
Upholds high standards of corporate governance
Facilitates open and productive discussion.
Focus on long-term value creation
Ensures participation of all Directors
Ability to receive feedback and suggestions from Directors to enhance Board's and his/her own effectiveness
Ensures compliance with applicable laws and regulations
Conducts meetings effectively and professionally
Ensures follow-up and implementation of Board decisions
Promotes ethical conduct and integrity
Encourages free and open expression by Independent Directors

ANNEXURE D: CRITERIA FOR EVALUATION OF BOARD AS A WHOLE

Evaluation Criteria
Board composition is appropriate in terms of size, diversity, and expertise
Adequate balance of Executive, Non-Executive, and Independent Directors
Oversees succession planning for Board and senior management
Promotes ethical conduct and integrity across the organization
Oversees risk management framework and internal controls
Adequate time is devoted to strategic and critical matters
Focus on long-term value creation and sustainability
Effectively manages differences of opinion
Periodic evaluation and improvement of Board performance
Board committees are appropriately constituted and effective
Oversight of CSR Activities and ESG Framework
Oversight of all committees and their effectiveness
Safeguarding the interests of stakeholders and strengthening the Stakeholder's Governance.