

POLICY FOR BOARD EVALUATION AND BOARD DIVERSITY

1. INTRODUCTION

- 1.1 The challenge for Boards is to prevent crises in the organisations they govern. Performance evaluation is a key means by which boards can recognise and correct corporate governance problems and add real value to their organisations.
- 1.2 This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with Schedule IV of the Companies Act, 2013 read along with the applicable rules thereto and Part - D of Schedule II of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015).

2. PURPOSE

The primary objective of the Policy is to provide a framework and set standards for the evaluation of the people as stated under the aforesaid statutes.

3. SCOPE OF THE POLICY

- 3.1 Determination of evaluation criteria of the Board as a whole and diversity thereof
- 3.2 Determination of evaluation of every individual directors' performance
- 3.3 Determination of evaluation criteria of the Independent Directors and determination of qualification, positive attributes and independence of a director
- 3.4 Determination of evaluation / review criteria of the performance of the non-independent directors
- 3.5 Determination of evaluation / review criteria of the performance of the Chairperson
- 3.6 Determination / review of remuneration of Directors, Key Managerial Personnel and other employees.

4. EVALUATION OF THE BOARD AS A WHOLE

- 4.1 The evaluation shall be carried out by the Nomination & Remuneration Committee (NR Committee) of the Board as set up pursuant to Section 178 of the Companies Act, 2013.

- 4.2 Each director to evaluate the performance of the Board, with regard to the following criteria and submit its observation to the NR Committee:
 - 4.2.1 Structure of the board based on board composition, competency, experience and mix of qualification of directors, diversity in board and process of appointment to the board;
 - 4.2.2 Meetings of the board based on regularity, frequency, logistics, agenda, discussions and dissent, recording of minutes and dissemination of information;
 - 4.2.3 Functions of the board based on role and responsibility, strategy and performance evaluation, governance and compliance, evaluation of risks, grievance redressal for investors, conflict of interest, stakeholder value and responsibility, corporate culture and values, review of board evaluation and facilitation of independent directors;
 - 4.2.4 Board and management based on evaluation of performance of the management and feedback, independence of the management from the board, access of the management to the board and board access to the management, secretarial support, fund availability and succession plan; and
 - 4.2.5 Professional development based on availability of professional development programmes for new directors and training of existing directors
- 4.3 Such evaluation to be carried out once in every year.
- 4.4 Based on the views expressed the NR Committee shall assess and discuss the performance of the Board and ascertain key areas for improvement.

5. EVALUATION OF THE COMMITTEES OF THE BOARD

- 5.1 The evaluation shall be carried out by the Board. Each Committee shall be evaluated separately based on the parameters provided below, by the directors other than those having membership of the Committee being evaluated:
 - 5.1.1 Mandate and Composition
 - 5.1.2 Effectiveness of the Committee
 - 5.1.3 Structure of the Committee and meetings
 - 5.1.4 Independence of the Committee from the Board
 - 5.1.5 Contribution to decisions of the board
- 5.2 Such evaluation shall be carried out once in every year

- 5.3 Based on the views expressed for each Committee, the Board shall assess and discuss the performance of respective Committee and ascertain key areas of improvement.

6. EVALUATION OF INDIVIDUAL DIRECTORS / INDEPENDENT DIRECTORS / NON-INDEPENDENT DIRECTORS / CHAIRPERSON

- 6.1 The evaluation criteria are as follows:
- 6.1.1 Leadership & stewardship abilities
 - 6.1.2 Qualification and experience
 - 6.1.3 Knowledge and competency
 - 6.1.4 Fulfilment of functions, conditions of independence, wherever applicable, integrity, etc.
 - 6.1.5 Ability to function as a team
 - 6.1.6 Attendance record, intensity of participation at meetings, quality of interventions and special contributions during the Board Meeting
 - 6.1.7 Initiatives undertaken, Communication of expectations & concerns
 - 6.1.8 Effective review of results, budgets, etc.
 - 6.1.9 Identification, monitoring & mitigation of significant corporate risks
 - 6.1.10 Assessment of policies, structures & procedures
 - 6.1.11 Additional criteria for evaluation of independent directors based on independence, ability of expressing independent views and judgement
 - 6.1.12 Additional criteria for evaluation of Chairperson based on effectiveness of leadership and ability to steer meetings, impartiality, commitment and ability to keep shareholder's interests in mind
- 6.2 Evaluation of every individual director shall be carried out by the NR Committee, based on the aforesaid criteria.
- 6.3 Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.
- 6.4 The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.
- 6.5 The Executive Director(s), Non-Executive Director(s) and the Independent Directors together will evaluate/assess performance of the Chairperson.

- 6.6 The evaluation(s)/assessment(s) stated above shall be conducted by way of personal interviews on an annual basis.
- 6.7 Outcome of each evaluation shall be reported to the Chairman of the NR Committee, who in turn will discuss the findings with the entire Board and ascertain key areas for improvement.

7. GENERAL RULE OF EVALUATION

- 7.1 The primary role of steering the whole process of Board evaluation shall lie with the Chairman of the Board.
- 7.2 All evaluations under this policy shall be in the nature of oral assessment.
- 7.3 External advice wherever necessary, shall be obtained with unanimous approval of the Board.
- 7.4 Feedback of each assessment may be communicated orally to the Board / Committee, provided proper confidentiality shall be maintained for the entire process.
- 7.5 Based on the analysis of evaluation / assessment, the Board may prepare a comprehensive action plan on areas of improvement detailing nature of action, timeline, persons responsible for implementation, resources required, etc.
- 7.6 Proper disclosures in connection with such evaluation shall be provided in the manner as stated under applicable statutes/guidelines, in force.
- 7.7 The Chairman shall review the evaluation process and the criteria involved, from time to time.

8. Determination and review of remuneration

- 8.1 The NR Committee shall determine remuneration of Directors, Key Managerial Personnel and other employees.
- 8.2 While undertaking the aforesaid, the Committee shall consider the following:
 - 8.2.1 Whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the respective persons of quality required to run the company successfully;
 - 8.2.2 Whether the relationship of remuneration to performance is clear and meets appropriate benchmarks; and
 - 8.2.3 Whether remuneration to the respective persons involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals: