

**“DIRECTORS PERFORMANCE EVALUATION POLICY”**

**PNB Gilts Ltd.**

*The following “Performance Evaluation Policy” has been approved by the Board of PNB Gilts Limited (“Company”) in its meeting held on 01.11.2014 and is only for the purpose of internal use of the Company.*

## **INTRODUCTION**

The Company conducts its operations under the directions of Board of Directors within the framework laid down by various statutes, more particularly by RBI Guidelines, the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies etc. The Company’s Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis and in the best interest of the company and its stakeholders.

As, one of the most important functions of the Board of Directors is to oversee the functioning of Company’s top management, this policy aims at establishing a procedure for conducting periodical evaluation of directors’ performance. 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.

## **RESPONSIBILITY OF BOARD**

It shall be the duty of the Chairman of the Board, who shall be supported by the Company Secretary or any other person as may be authorized by the Chairman, to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors’ and committees’ effectiveness, to maximize their strength and to address 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 throughout the year.
- II. Review performance evaluation reports submitted by the Chairperson of various Committees along with their suggestions on improving the effectiveness of the respective Committee. Also, the requirement of establishing any new Committees may 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 whole-time employment, in consistency with 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.

In conformity with the requirement of the Act, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

## **RESPONSIBILITY OF INDEPENDENT DIRECTORS**

Independent Directors are required to evaluate the performance of non - independent directors and board as a whole. The Independent Directors of the Company shall hold at least one meeting in a year to review the performance of the non- independent directors, performance of Chairperson of the Company and board as a whole, taking into account the views of executive directors and non-executive directors.

## **EVALUATION FACTORS**

*The Board of Directors / Nomination & Remuneration Committee / Independent Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director and Board as whole:*

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non- independent directors, other employees of the Company and committees of directors separately, as, such evaluation factors may vary in accordance with their respective functions and duties.

## **INDEPENDENT DIRECTORS**

Evaluation criteria for independent directors shall be general in nature. It may include quality of corporate governance, adherence to various compliances, effectiveness of participation in meetings, commitment (incl. guidance to senior management outside of Board /Committee meetings), level of deployment of knowledge and expertise, maintenance of confidentiality, Independence of views and judgment etc.

## **NON – INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS**

Evaluation criteria for non-independent directors/executive directors shall include adherence to various compliances, strategic planning, budget achievement, effective participation in meetings, maintenance of confidentiality, effective deployment of knowledge and expertise, effective management of resources and internal controls. It would also include leadership, participation by team and maintenance of ethical standards/codes of conduct.

## **COMMITTEES/BOARD**

Performance of Committees/Board will be evaluated on the basis of adherence to applicable laws, directions given by the Board/law and accomplishment of defined roles etc.

## **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. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

## **DISCLOSURE**

In accordance with the requirement under the Act, disclosure 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 directors and individual directors’ performance will be made by the Board of Directors in the Board report. Further, the Board’s report containing such statement will be made available for the review of shareholders at the general meeting of the Company.

The Policy has been made available on Company’s official website.