

BOARD EVALUATION POLICY

OF

PHOENIX INDUSTRIES LIMITED

The following “Board Evaluation Policy” is adopted by Board of Directors of [Phoenix Industries Limited](#) and is only for the purpose of internal use of the Company.

1. Preamble

The Company conducts its operations under the directions and guidance of Board of Directors within the framework laid down under various statutes, more particularly the Companies Act, 2013, the Article of Association, Code of Conduct and Policies formulated by the Company for its internal execution.

The present policy for performance evaluation is framed and put in place in accordance with the requirements of section 134 and 178 of the Companies Act, 2013 which provides for the a policy to be formulated setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company.

This **Board Evaluation** Policy aims to ensure individual directors (“Directors”) and the Board of Directors of the Company (“Board”) work efficiently and effectively in achieving their functions by establishing a procedure for conducting periodical evaluation of its own performance, its committees and individual directors including independent directors and follow “best practices” in Board governance in order to fulfill its fiduciary obligation to all the stakeholders.

Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

The Nomination and Remuneration Committee will review and may recommend the amendments in this Policy to the Board from time to time.

2. Purpose

This Policy is framed as per requirement of Sections 134, 178 and Schedule IV of the Companies Act, 2013 (“Act”) read with applicable Regulations under the Act and the purpose of the Board evaluation is to give all Board members an opportunity to evaluate and discuss the Board’s performance with candor and from multiple perspectives. The Board believes the evaluation will lead to a closer working relationship among

Board members, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body.

3. Definitions

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

“**Company**” means the [Phoenix Industries Limited](#).

“**Committee(s)**” means Committees of the Board.

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company constituted under provisions of Companies Act.

“**Policy**” means Board Evaluation Policy.

4. Responsibility of Board / Independent Directors

It shall be the duty of the Board to carry out the evaluation process as provided hereinafter on Annual Basis. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings:

The Board of Directors shall undertake the following activities on an annual basis:

- I. Review the various strategies of the Company and accordingly set the performance objectives for Directors, in consistency with varying nature and requirements of Company's business.
- II. 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 all the directors including independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are duty bound 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 Framework

The performance evaluation framework consists of three parts as per below:

- Performance Evaluation of Committees
- Performance Evaluation of the Board as a whole
- Performance Evaluation of Individual Directors

5. Evaluation Factors

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director. In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors as, such evaluation factors may vary in accordance with their respective functions and duties.

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below.

SCALE	RATING	RATING (Peer Review)
5	Strongly Agree	Outstanding
4	Fairly Agree	Very Good
3	Agree	Good
2	Disagree	Average
1	Strongly Disagree	Poor

6. Evaluation Process

6.1. Performance Evaluation of the Committees

- The Board will carry out annual evaluation of its Committees considering self-evaluation reports of various committees. Committee self -evaluation process will be initiated each year by the chairman of the Committee and a consolidated report shall be submitted to the Board for review and evaluation.
- Each Committee member will get an evaluation form as given in **Annexure – I** for the Committee(s) he/she is part of which shall be completed & submitted back by him within 2 weeks of receipt thereof.

- Chairperson will tabulate the results and share the summary report with the Committee members before it being evaluated by the Board. The summary report will include score against each of the evaluation criteria & verbatim comments without any names. Sample summary report template has been included in **Annexure – II**.

6.2. Performance Evaluation of the Board as a whole

- The Board will carry out annual evaluation of its own performance through self-evaluation. Board evaluation process will be initiated each year in the first quarter of a year for the previous financial year.
- Copy of the evaluation form in **Annexure- III** will be distributed to each Board member which shall be completed & submitted back by him within 2 weeks of receipt thereof.
- Only Chairperson of Board will have access to individual evaluation form.
- Chairperson will tabulate the results and present summary thereof in Board Meeting. The summary report will include score against each of the evaluation criteria & verbatim comments without any names. Sample summary report template has been included in **Annexure - IV**.
- The Board will review & deliberated the same working out broad & common areas that are working well and those need attention. The Board will then decide on the improvement in its governance practices and policies if any needed going forward.

6.3. Performance Evaluation of Individual Directors

- The Board and NRC will carry out performance evaluation of individual directors through peer evaluation of each Board member. Chairperson of NRC committee will initiate the evaluation process in the first quarter of a year for the previous financial year, where each Board member will evaluate each of his/her colleagues on the Board.
- Each Board member will get evaluation form as given in **Annexure – V** for each of their colleagues on the Board which shall be completed & submitted back by him within 2 weeks of receipt thereof.
- Each Board member will complete evaluation of each of their colleagues. For example, if there are 5 Directors, each Board member will complete evaluation of other 4 Board members.

- A Board member does not have to disclose his/her name on the evaluation form.
- Chairperson of NRC Committee will tabulate the results and present directorswise summary thereof in NRC committee meeting and Board Meeting. The summary report will include score against each of the evaluation criteria & verbatim comments without any names.

7. **Evaluation Criteria:** The NRC has recommended this Policy & evaluation criteria and the Board has adopted the same. These may be changed at any time by the Board on the recommendation of NRC.

8. **Effective Date of the Policy:** This Policy will come into effect from the date of approval of the same by the Board of Directors of Company.

Signed

Effective Date

Performance Evaluation of the Committees - Self Evaluation Form

(This Form is to be filled out separately for each committee of the Board you are member of)

Each Committee member is to rate the following statements in relation to overall performance of the Committees during the last financial year. Please put appropriate number next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have.

Your Name (Optional): _____

Name of the Committee to be assessed: _____

Evaluate the following statements in relation to overall performance of the Committee		Rating Scale
1	The composition and size of the committee is appropriate.	
2	The frequency of Committee meetings is adequate.	
3	Committee meetings are conducted in a manner that encourage open communication, meaningful participation and timely resolution of issues	
4	The Committee gets into details, focusses on pertinent topics and allocates reasonable time on Agenda items and there is a balance between presentations and discussions.	
5	The Committee reports back to the Board alongwith its suggestions and recommendations on the matters referred by the Board and on other relevant matters whenever required.	

Rating Scale
5 = Strongly Agree, 4 = Fairly Agree, 3 = Agree, 2 = Disagree , 1 = Strongly Disagree

Please provide below any additional comments or suggestions about the work and effectiveness of the committee as a whole.

(Note: Please complete and return the filled form within 2 weeks of receipt)

ANNEXURE II

Summary Report: Performance Evaluation of the Committee

Name of the Committee:

Statements in relation to overall performance of the Committee		Member A	Member B	Member C	Member D	Average Score
		Scores of each Committee Member will be mentioned on No name basis				
1	The composition and size of the committee is appropriate sound resolution of issues.					
2	The frequency of Committee meetings is adequate.					
3	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.					
4	The Committee gets into details, focusses on pertinent topics and allocates reasonable time on Agenda items and there is a balance between presentations and discussions.					
5	The Committee reports back to the Board alongwith its suggestions and recommendations on the matters referred by the Board and on other relevant matters whenever required.					
	Total					

Rating Scale
5 = Strongly Agree, 4 = Fairly Agree, 3 = Agree, 2 = Disagree, 1 = Strongly Disagree

Comments **Signature.....**

(Note: Please complete and return the filled form within 2 weeks of receipt. These comments will be taken verbatim without mentioning name of the Committee Member)

Annexure III

Performance Evaluation of the Board as a whole - Self Evaluation Form

Each Board member is to rate the following statements in relation to overall performance of the Board during the last financial year. Please mention appropriate rating scale next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have.

Your Name (Optional) _____

Evaluate the following statements in relation to overall performance of the Board		Rating Scale
1	The composition of the Board is appropriate, with the right mix of knowledge and skills to maximize performance and fruitful discussion	
2	Formal process exist whereby notice for the Board meeting & Agenda papers are circulated to Board members in appropriate manner before the Board meeting.	
3	Board hold sufficient meetings generally of suitable lengths to get through their business properly.	
4	Comments of Committees are placed before Board and are helpful in effective decision making by the Board.	
5	A proper system of recording of the minutes exists for proceeding of the Board and its confirmation by the Board.	
6	The Board receives timely, accurate, and useful information upon which to make decisions.	
7	Proper infrastructure is ensured for effective deliberation in Board meeting.	
8	Board encourages the active participation from all the Board members by raising their issues and concerns on agenda matters.	
9	The Board speaks in "one voice" when directing or delegating to management and brings discussions to a conclusion with clear direction to management.	
10	There exists a system whereby Board 's direction/feedback are communicated to the Management and formal report on Action taken on the decisions are communicated by the Management to the Board	

Rating Scale
5 = Strongly agree, 4 = Fairly Agree , 3 = Agree, 2 = Disagree, 1 = Strongly Disagree

Please provide below any additional comments or suggestions about the work and effectiveness of the board as a whole.

(Note: Please complete and return the filled form within 2 weeks of receipt.)

Summary Report: Performance Evaluation of the Board as a whole

(This result template will be presented in the Board Meeting by the Chairperson for review of the Board)

Statements in relation to overall performance of the Board		Director	Director	Director	Director	Director	Director	Director	Avg.
		A	B	C	D	E	F	G	Score
		<i>Scores of each Director will be mentioned on No name basis</i>							
1	The composition of the Board is appropriate, with the right mix of knowledge and skills to maximize performance and fruitful								
2	Formal process exist whereby notice for the Board meeting & Agenda papers are circulated to Board members in appropriate								
3	Board hold sufficient meetings generally of suitable lengths to get through their business properly.								
4	Comments of Committees are placed before Board and are helpful in effective decision making by the Board.								
5	A proper system of recording of the minutes exists for proceeding of the Board and its confirmation by the Board.								
6	The Board receives timely, accurate, and useful information upon which to make decisions.								
7	Proper infrastructure is ensured for effective deliberation in Board meeting.								
8	Board encourages the active participation from all the Board members by raising their issues and concerns on agenda matters.								
9	The Board speaks in "one voice" when directing or delegating to management and brings discussions to a								

10	There exists a system whereby Board 's direction/feedback are communicated to the Management and formal report on Action taken on the decisions are communicated by the Management to the Board conclusion with clear direction to management.								
	Total								

Rating Scale

5 = Strongly agree 4 = Fairly Agree 3 = Agree 2 = Disagree 1 = Strongly Disagree

Comment 1:

Comment 2:

(These comments will be taken verbatim without mentioning name of the Board Member)

(Note: Please complete and return the filled form within 2 weeks of receipt.)

Performance Evaluation of Board Member - Peer Evaluation Form

(This is to be filled by each Board Member for each of other Board Members)

Each Board member is to rate the following statements in respect of other Board members. Please mention appropriate rating scale next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have.

Evaluate the following statements in relation to your assessment of your colleague as a Board Member		Rating Scale							Total
		Director A	Director B	Director C	Director D	Director E	Director F	Director G	
1	Preparedness for the Board & Committee Meeting								
2	Attendance at Board & Committee Meeting								
3	Willingness to spend time and efforts learning about the Company and its Business								
4	Constructive contribution to discussion and strategy								
5	Competency to bring knowledge and experience to Board deliberations								
6	Resolute in holding views and resisting pressure from others								
7	Effectiveness of follow up on matters on which He/she has expressed views								
8	Communications with other Board Members and senior management								
9	Well informed on the latest developments in the areas in which company operates								
	In case of MANAGING/WHOLE TIME DIRECTORS, rating with respect to								

	following additional points to be given								
10	Understanding on Company's vision and effectiveness in translating the same in feasible business and operational plans								
11	Understanding of Company's business model and allocation of its resources as well as business and industry environment.								
12	Effectiveness in aligning the company's resources and budget to implementation of organizational goal								
13	Effectiveness in establishing the clearly defined policies and process for operations and monitoring of organizational performance and contribution of each staff.								
14	Focus on Key functions necessary for the organization to align with its mission								
15	Timely and effective execution of strategies with measures set by the Board								
16	Ensured that the Company's operations complied with requirements of all pertinent laws and regulation and applicable to the Company								
17	Exercised good judgement in managing the financial & operational affairs and budget of the organization								
18	Created and maintained an organizational culture which attracts, keeps motivated staff to carry out the Company's mission and organizational goals.								
19	Has shown skills at analyzing and addressing problems, challenges and conflicts and exercising good judgement in dealing with sensitive matters.								
20	Maintained high standards of ethics and integrity while discharging official obligations.								
	In case of Independent Directors following additional points to be rated in addition to first								

	10								
21	Brings independent judgement during Board deliberation on strategy, performance risk management etc.								
22	Maintains high level of confidentiality								
23	Adheres to applicable code of conduct for independent directors								

Rating Scales

5 = Outstanding, 4 = Very Good , 3 = Good, 2 = Average, 1 = Poor

Name of Board Member (Optional) as Assessor _____

Please provide below any additional comments or suggestions which you believe would help improve the Board's function.

(Note: Please complete and return the filled form within 2 weeks of receipt)