

Policy for Evaluation of Board of Directors

Change Log

| Version | Date         | Updated By                                  | Remarks |
|---------|--------------|---|---------|
| 1       | 22 June 2022 | Head Legal & Compliance & Company Secretary |         |

Prepared/Modified by

| Name        | Designation                                 | Signature | Date |
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|--------------------|-------------|-----------|--------------|
| Board of Directors | N/A         |           | 22 June 2022 |

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## **1. INTRODUCTION**

As one of the most important functions of the Board of Directors is to oversee the functioning of company's performance, this policy aims to establish a procedure for conducting periodical evaluation of the Board, its various committees and each director's performance and formulating criteria for the same. The Nomination and Remuneration Committee shall formulate criteria for evaluation of performance of all members of Board of Directors and the Board itself.

The Companies Act, 2013 recognizes the need for constant improvement of the top management by mandating annual Board Evaluation.

## **2. DEFINITIONS**

"The Act": The Act shall mean The Companies Act, 2013

"The Company": The Company shall mean Volvo Financial Services (India) Private Limited

"Director" or "The Board": Director or the Board, in relation to the Company, shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.

"The Policy" or "This Policy": The policy or This Policy shall mean the Policy for Evaluation of performance of Board of Directors of the Company.

"The Committee" or "This Committee": The Committee or This Committee shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

## **3. OBJECTIVE**

This Policy aims to:

- (i) Ensure compliance of the applicable provisions of the Companies Act, 2013 (the Act) relating to the evaluation of performance of the Directors and the Board.
- (ii) Adopt best practices to manage the affairs of the Company in seamless manner.
- (iii) Achieve good corporate governance as well as sustained long-term value creation for stakeholders.
- (iv) To recognize the strengths and identify improvement areas to achieve vision and mission of the Company.
- (v) To ensure commitment to performance management.
- (vi) To review challenges in the dynamics of the Board or among the Board and management.
- (vii) To develop appropriate skills, competencies and motivation on Board.

## **4. EVALUATION**

- (i) The Nomination and Remuneration Committee (NRC) shall carry out the evaluation of performance of every Director and the entire Board.

- (ii) The evaluation performance of Committees of Board shall be carried by entire Board of Directors.
- (iii) Evaluation performance should be carried out at least once in a year and the evaluation report shall be placed before the Board of Directors
- (iv) The evaluation criteria for the Board, its Committees and its Directors may be changed at any time by the Board

The evaluation of the Directors, Board and its committees shall be carried out based on the questionnaire and feedback form. Different criteria need to be identified for the Board, its committees, individual directors. Based on a review of the business environment and company performance, the Board may choose the set of criteria to be used for the year. Some of the performance indicators on which the same can be evaluated are mentioned below:

- a) Charter: Clear and Comprehensive
- b) Composition and quality of the Board/Committee
- c) Tenure of Board/Committee Members
- d) Frequency of Meetings
- e) Issues identified for discussion
- f) Time allocated for the meetings
- g) Adequacy of information supplied with agenda
- h) Review of Actions on Board recommendations
- i) Compliance of Secretarial Standards
- j) Overall stakeholder value creation
- k) Ethics and compliance
- l) Oversight of the financial reporting process, including internal controls
- m) Individually the directors will also be evaluated on indicators such attendance at meetings, competencies, integrity and leadership

## **5. REVIEW OF THE POLICY**

This policy shall be reviewed by the Board as may be deemed necessary and in accordance with any statutory/regulatory requirements. In case of any change/amendment in applicable statues/regulations, the Policy shall stand revised to the extend thereto.