

## POLICY FOR EVALUATION OF BOARD OF DIRECTORS

### Change Log

Version	Date	Updated By	Remarks
1	22 June 2022	Head Legal & Compliance & Company Secretary	Initial Version
2	11 December 2023	Head Legal & Compliance & Company Secretary	Annual review

### Prepared/Modified by

Name	Designation	Signature	Date
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### Approved by

Name	Designation	Signature	Date
Board of Directors	N/A		22 June 2022
Board of Directors	N/A		11 Dec 2023

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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 an annual Board Evaluation.

The purpose of the Board Evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level with the participation of all concerned in an environment of harmony. The Board acknowledges its intention to establish and follow "best practices" in Board governance in order to fulfil its fiduciary obligation to the Company.

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.

This policy has been framed in compliance with the provisions of Section 178 (2) and other applicable provisions, if any, the Companies Act, 2013, by the Nomination and Remuneration Committee (NC) and approved by the Board.

## **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 with 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 a 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 out by entire Board of Directors.
- (iii) Evaluation performance should be carried out at least once 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 and individual directors. Based on a review of the business environment and company’s 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. BOARD AND NRC DISCUSSION:**

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. Staff and/or the governance consultant will work with the Board or Board nominee to implement necessary changes. Apart from the above, the NRC will carry out an evaluation of every director's performance. For this purpose, the NRC would review the Tabulated Report. The NRC would provide feedback to the Board on its evaluation of every director's performance and based on such feedback, the Board will recommend appointments, re-appointments and removal of the non-performing Directors of the Company.

#### **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 statutes/regulations, the Policy shall stand revised to the extend thereto.