



## **POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS OF SHREM FINANCIAL PRIVATE LIMITED**

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### **EVALUATION OF THE PERFORMANCE**

To evaluate the performance of the entire Board including the Independent Directors, the Nomination and Remuneration Committee (“NRC”), have formulated the Criteria in accordance with the Nomination and Remuneration Policy of the Investment Manager and based on their functions as mentioned in the Code of Conduct of the Directors and Senior Management Personnel and the criteria for the evaluation of the performance.

### **EVALUATION OF PERFORMANCE**

The Committee has laid down the criteria for evaluation of performance of Non-independent Directors, Independent Directors, Chairman and the Board. Template for the same is provided as Annexure.

1. Attendance and contribution at Board and Committee meetings.
2. His / her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company’s value and standards.
3. His / her knowledge of finance, accounts, legal, investment, marketing, foreign exchange / hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
4. His / her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
7. Recognize the role which he / she is expected to play, internal board relationships to make decisions objectively and collectively in the best interest of the Investment Manager and Trust to achieve organizational successes and harmonizing the Board.
8. His / her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His / her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His / her contribution to enhance overall brand image of the Investment Manager and the Trust.

Further to the above, the appraisal of each Director of the Investment Manager shall be done on the basis of the rating against each criteria as described here below. The rating scale shall be 1 to 10 (1 being least effective and 10 being most effective).

Criteria's for Performance Evaluation	Sub-Criteria of Evaluation of Performance	Rating
Based on job profile	1. Knowledge of job profile.	
	2. Skills required to perform or to execute the job profile.	
Based on responsibilities and obligations	1. Attendance and participation in the meetings.	
	2. Expert opinions in respect of the serious issues.	
Based on strategies	1. Strategies formulated and successfully implemented.	
	2. Various directions provided in the best interest of the Trust on key issues.	
Based on performance management	2. Financial performance.	
	3. Achievement of domestic or international awards.	
Based on risk management	1. Avoidance of high financial risk while executing the functions and duties.	
	2. Avoidance from any other high risk.	
Based on core governance and compliance management	1. Review of detailed compliances applicable under the various laws, rules and regulations.	
	2. Reviewing whether the business is running legally or not.	
Based on expansion and diversification	1. New successfully executed business expansions.	
	2. New successfully executed business diversifications.	
Based on conflict-of-interest of management	1. Strategy to resolve the conflict of interest in other Directors.	
	2. Strategy to resolve the conflict of interest in other employees.	
Based on financial and operational control mechanism	1. Control on financial dealings.	
	2. Control on internal operational activities.	
Based on maintaining of corporate culture and moral values	1. Initiatives to maintaining corporate culture of the Investment Manager and Trust.	
	2. Initiatives to maintaining moral values of the Investment Manager and Trust.	
Based on maintaining high level of integrity and ethics	1. Initiative to maintaining high level of integrity.	
	2. Initiative to maintain high level of ethics.	
Based on compliance with the Code of Conduct for Board of Directors and Senior Management Personnel	1. Functioning of duties and responsibilities as per the Code of Conduct for Board of Directors and senior management personnel.	
	2. Abidance and behavior in accordance with Code of Conduct for Board of Directors and Senior Management Personnel.	
Based on the in-general knowledge and skills	1. Skills required for carrying out business activities.	
	2. Communication skills and quick responsiveness.	

**EVALUATION OF INDEPENDENT DIRECTOR:**



shall be carried on by the entire Board which shall include –

(a) performance of the Directors; and

(b) fulfilment of the independence criteria as specified in the InvIT Regulations and the Listing Regulations as to their independence from the management. The Directors who are subject to evaluation shall not be allowed to participate.

Based on the performance evaluation of each and every Director and the Chairman of the Investment Manager, the Committee shall provide the ratings based on each criteria and sub-criteria.

#### **PROCEDURE TO RATE THE PERFORMANCE**

Based on evaluation criteria, the Committee and the Board shall rate the performance of the each and every Director. The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top-level management of the Investment Manager and consequently the Trust, for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Investment Manager and Unitholders.

#### **EFFECTIVENESS OF THE BOARD**

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the appointments, re-appointments and removal of the non-performing Directors of the Investment Manager.

#### **SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS**

Evaluation of the non-independent Directors shall be carried out by entire Board except the non-independent Director being evaluated. The meeting for the purpose of evaluation of performance of Board members shall be held at least once in a year and the Investment Manager shall disclose the criteria laid down by the Committee for performance evaluation on the web site of the Trust for the reference and also in the annual report of the Trust and the Investment Manager.

This Criteria was adopted by the board of directors of Shrem Financial Private Limited on 20<sup>th</sup> July, 2023.

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Annexure

**PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS:**

Name of the Director: \_\_\_\_\_

Rating scale shall be 1 to 10 (1 being least effective and 10 being most effective):

Question	Rating	Remark
1. Participation and attendance in Board and Committee meetings actively and consistently		
2. Prepare adequately for Board and Committee meetings		
3. Contributes to strategy and other areas impacting the Investment Manager and Trust's performance		
4. Brings his/her experience and credibility to bear on the critical areas of performance of the organization		
5. Keeps updated knowledge of his/her areas of expertise and other important areas.		
6. Communicates in open and constructive manner.		
7. Gives fair chance to other members to contribute, participates actively in the discussions and in consensus oriented.		
8. Helps to create brand image of the Investment Manager and Trust and helps the company wherever possible to resolve issues, if any.		
9. Actively contributes towards growth of the Investment Manager and Trust.		
10. Conduct himself/herself in a manner that is ethical and consistent with the laws of land.		
<b>Total Ratings</b>		

[Note: Rating 90 and above - excellent, between 75 to 89 - Very good, between 60 - 74 - Good, between 35 to 59 - Satisfactory and less than 35 - Unsatisfactory]

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