

PRISM JOHNSON LIMITED
CIN : L26942TG1992PLC014033

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POLICY FOR PERFORMANCE EVALUATION OF DIRECTORS

Purpose and Scope

This policy is to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors on an annual basis with the purpose to review its required mix of skills and experience and other qualities such as its demographics and diversity in order to assess the effectiveness of the Board as a whole and its Committees. The policy is aimed to guide the Board in selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

Identification of persons to act as Directors

The Nomination and Remuneration Committee (NRC) of the Board, while recommending the appointment of Directors may consider desirable qualifications which may amongst other things include professional qualifications, positive attributes, skills, regional and industry experience, background, independence and knowledge of Directors. It will also consider the criteria of independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be amended from time to time, while recommending appointment of Independent Directors.

Performance Evaluation

The Board shall carry out the annual evaluation process of its own performance and that of its Committees and individual Directors (excluding the Director being evaluated). The

performance evaluation of Non-executive Directors could be done by a peer group comprising the entire Board of Directors, excluding the Director being evaluated.

Individual Board members will be assessed on their effective contribution and commitment to their role and responsibilities as Directors. Individual evaluation should aim to show whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Committee meetings and other duties). The Chairman should act on the results of the performance evaluation by recognising the strengths and weaknesses of the Board and, where appropriate, proposing new members be appointed to the Board or seeking the resignation of Directors.

The Board performance evaluation is designed to:

- (a) review the role of the Board and individual Directors;
- (b) annually assess how well Directors are discharging their responsibilities; collectively by assessing the Board's effectiveness; and individually by assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities;
- (c) regularly evaluate the Directors' confidence in the integrity of the Company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge; and
- (e) enable Board members, individually and collectively, to develop the key skills required to meet foreseeable requirements with timely preparation, agreed strategies and appropriate development goals.

The Board has overall responsibility for the evaluation of its own performance and that of its committees and its members. It also has overall responsibility for the performance of management.

Mechanism for Performance Evaluation of the Board

- (a) The Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board or by an independent external agency and review its implementation and compliance
- (b) Performance should be assessed quantitatively (and qualitatively, as appropriate) against various criteria, strategic plans and the role/position description.
- (c) The Chairperson of the Company will collate the input and provide an overview report for discussion by the Board.
- (d) The Board should evaluate its effectiveness in use of time, whether Board allowed sufficient opportunity to adequately assess management performance, Board's ability to keep abreast of developments in the wider environment, adequacy of meeting frequency and duration.
- (e) The Board should consider working relationship between Chairman and Managing/Executive Directors, segregation of duties between Board and management, ability of Directors to express views to each other and to management in a constructive manner, adequacy of Board discussions and management of divergent views.
- (f) The Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement, as well as any skills, education, training or development required over the forthcoming year and adequacy of procedures dealing with inadequate performance by a Board member.

Mechanism for Performance Evaluation of the Chairman of the Board

The Independent directors, should be responsible for performance evaluation of the Chairman taking into account the views of the Managing Director/Executive Directors.

The performance of the Chairman shall be evaluated, amongst other things, on the basis of contribution and effectiveness in corporate governance, leadership through vision and values, strategic thinking and decision making, commercial and business acumen, teamwork, contribution to resolution of divergent views, proactive participation, time commitment, interaction with management and relationships and communications with shareholders.

Mechanism for Evaluation of Individual Directors

The performance evaluation of individual directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and peer group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of Directors.

The performance of individual Directors shall be evaluated, amongst other things, on the basis of contribution and effectiveness in corporate governance, leadership through vision and values, strategic thinking and decision making, commercial and business acumen, teamwork, contribution to resolution of divergent views, proactive participation and time commitment. The performance of the individual Director will also be assessed on how well he handles situation of direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company, avoids undue gain or advantage either to himself or to his relatives, partners, or associates.

Process for Evaluation of Independent Directors

The evaluation of independent directors shall be done by the entire Board of Directors which shall include :

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

Criteria for assessment of NEIDs shall be based on the Guidance Note on Board Evaluations issued by SEBI and any other authority as may be applicable from time to time.

Independent directors have key roles, namely, governance, control guiding strategy, statutory compliances and such other key points which could be of importance to the Company. Some of the performance indicators on which the Independent Directors evaluated are :

- Ability to contribute to and monitor the Company's corporate governance practices.
- Ability to contribute by introducing international best practices to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of duties and fiduciary responsibilities as enshrined in various statutes and charter of Committees.
- Upholding of ethical standards of integrity and probity.
- Not allowing any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a

whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.

- Refraining from any action that would lead to loss of his/her independence.
- Striving to attend all meetings of the Board of Directors and Board Committees of which he/she is a member and general meetings of the Company.
- Not disclosing confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Mechanism for Performance Evaluation of Managing Director and Executive Directors

This policy is to ensure that the Managing Director and Executive Directors execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this :

- (a) Each year the Board reviews the Company's strategy.
- (b) Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures.
- (c) These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
- (d) These objectives form part of the performance targets for the Managing Director and Executive Directors.
- (e) Performance against these objectives is reviewed annually by the Chairman together with the Chairperson of the Nomination and Remuneration Committee, and the results are reviewed by the Board and are reflected in the Managing Director's and Executive Directors' remuneration review.
- (f) The Managing Director is responsible for assessing the performance of the Executive Directors and a report is provided to the NRC for review.

Mechanism for Performance Evaluation of Committees of the Board

This policy is to ensure Committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in their charter.

Each year the Board will undertake the following activities :

- The Board will review the necessity of establishing any Committees and delegating certain of its responsibilities to the Committee.
- The Board will review the Committees achievements during the year based on their duties.
- The Board will review the charters of the Committees once per year to ensure that they are up to date.

External Consultants

The Board may engage independent external consultants periodically to provide advice and assistance in the evaluation process.

Disclosures

The Board's report shall contain a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
