

# PHILIPS

Domestic Appliances

**PERFORMANCE EVALUATION POLICY**

**PHILIPS DOMESTIC APPLIANCES INDIA LIMITED**

## INTRODUCTION

The Company conducts its operations under the directions of Board of Directors within the framework laid down by the Companies Act, 2013 (“Act”). Section 134 along with 178 of the Companies Act 2013 mandates the formulation and implementation of a policy based on which the performance of each Director, the Board and its committees, shall be evaluated.

This Performance Evaluation Policy provides for the framework under which the performance of the Directors, Board and its committees shall be evaluated, on an annual basis. The policy aims to ensure that individual directors (“Directors”) and the Board of Directors (“Board”) and its committees work efficiently and effectively in discharging their responsibilities. The evaluation process will be used constructively as a system to improve the Directors’, Boards’ and committees’ effectiveness, to optimize their functioning and to address the areas of improvement, if any, identified further to the evaluation process.

## EVALUATION FRAMEWORK

Each financial year, the Company will carry out performance evaluation as per this Policy. The evaluation framework under this Policy consists of three parts, as mentioned below:

- a. Performance Evaluation of the Board as a whole;
- b. Performance Evaluation of Individual Directors; and
- c. Performance Evaluation of the Committees of the Board

## EVALUATION PROCESS

### A. PERFORMANCE EVALUATION OF THE BOARD AS A WHOLE

- I. The Board will carry its own annual performance evaluation through self-evaluation form, Board Evaluation Form filled by its members, format of which is provided as **Annexure I**.
- II. The Chairperson of the Board will distribute the Board Evaluation Forms to the members of the Board either directly or through the Company Secretary every year. The Board Evaluation Forms filled by all the members shall be returned to the Chairperson or Company Secretary within the time specified at the time of their circulation. The Board Evaluation Forms can also be distributed by the Chairperson or Company Secretary through e-mails to all the members.
- III. It will not be mandatory for the Directors to mention their name on the Board Evaluation Form.

- IV. Once the Company Secretary receives all the Board Evaluation Forms, the same will be opened to tabulate the results, along with the comments/suggestions (if any) made therein. The results shall be prepared by the Company Secretary as per the format provided in **Annexure II** and presented to the Chairperson along with Board Evaluation Forms received from the Directors.
- V. The Chairperson will review the results and share the same with all the Board members along with his own observations thereon, in their meeting. The results will be further deliberated by all the members and based on overall feedback and observations, the Company Secretary will prepare the list of the actions (if any) to be taken to improve the performance of the Board.
- VI. The Board will have to finish the evaluation process, on or before the date of its meeting in which the annual accounts are to be approved.
- VII. The Company Secretary will coordinate with Chairperson for the implementation of the decisions taken under point (V) above and shall place the Action Taken Report (ATR) before the Board in their next meeting(s).

Board Evaluation Forms filled and shared by the Directors shall be accessible only to the Chairperson and the Company Secretary and shall be kept in safe custody of the Company Secretary in the manner as may be directed by the Chairperson.

## **B. PERFORMANCE EVALUATION OF INDIVIDUAL DIRECTORS**

- I. The Nomination and Remuneration Committee (“NRC”) will carry out the annual performance evaluation of the Individual Directors through peer evaluation. Each Director will be required to fill a Director Evaluation Form for all his remaining colleagues on the Board. For example, if there are 5 directors, each director will fill the Director Evaluation Form for the remaining 4 Directors. Format of Director Evaluation Form is given in Annexure III.
- II. The Chairperson of Nomination and Remuneration Committee will distribute the Director Evaluation Form to the members of the Board either directly or through the Company Secretary every year. The Director Evaluation Form filled by all the members shall be returned to the Company secretary addressed to the Chairperson of Nomination and Remuneration Committee within the time specified during the circulation of these forms. The Director Evaluation Form can also be distributed by the Company Secretary through e-mails to all the members on behalf of the Chairperson.
- III. It will not be mandatory for the directors to mention their name on the Director Evaluation Form.
- IV. Once the Company Secretary receives all the Director Evaluation Forms, he will open the same to tabulate the results along with the comments/suggestions (if any)

made therein. The results to be prepared as per the format provided in Annexure IV and presented to the Chairperson along with filled Director Evaluation Form.

- V. The Chairperson of NRC will share with all the members of the committee overall results along with his own observations on it, in their meeting. The results will be further deliberated by all the members and based on overall feedback and comments, the final observation sheet will be prepared for each Director.
- VI. The Chairperson of NRC, if necessary, will meet the Directors individually along with final observation sheet on the evaluation of the respective Director.
- VII. Nomination and Remuneration Committee will share the results of the Evaluation of each director with the Board, which will take note of it.
- VIII. As and when the term of any director is due to expire, the Nomination and Remuneration Committee will share their recommendations whether the said director should be re-appointed or not, based upon the results of the aforesaid evaluation.
- IX. The Director Evaluation Forms filled by the Directors shall only be accessible to the Chairperson of NRC and the Company Secretary. A Director with the permission of the Chairperson of NRC may access his own Director Evaluation Forms filled by other colleagues.
- X. The Director Evaluation Forms filled by the Directors shall be kept in safe custody of the Company Secretary in the manner as may be directed by the Chairperson of NRC

### **C. PERFORMANCE EVALUATION OF THE COMMITTEES**

- I. The Board will carry out an annual performance evaluation of its committees through a Committee Evaluation Form ("CEF") filled by the members of the respective committee(s), format of which is provided in Annexure V.
- II. The Chairperson of the respective Committee(s) being evaluated will distribute the Committee Evaluation Form to their committee members either directly or through the Company Secretary every year. The Committee Evaluation Form filled by all the members of the committee shall be returned to the Company secretary along with the name of the committee within the time specified during the circulation of the forms. The Committee Evaluation Form can also be distributed by the Company Secretary through e-mail to all the members on behalf of the Chairperson.
- III. It will not be mandatory for the directors to mention their name on the Committee Evaluation Form.

- IV. Once the Company Secretary receives all the Committee Evaluation Forms, he will open the same and tabulate the results along with the comments/suggestions (if any) made, as per the format provided in the Annexure IV. The tabulated results in the prescribed format shall be presented to the Chairperson along with filled Committee Evaluation Forms.
- V. The Chairperson will review the results and share the same with all the committee members along with his own observations thereon, in their meeting. The results will be further deliberated by all the members and based on overall feedback and observations, the Chairperson will prepare the list of actions (if any) to be taken to improve the performance of the committee.
- VI. The Chairperson may, if deemed necessary, meet the respective committee members to discuss the evaluation results.
- VII. The Chairperson will share evaluation results of each committee with all the Board members along with his own observations on it, in the Board meeting to be held before the Annual General Meeting. The results will be further deliberated by all the Board members and thereafter necessary decision(s) will be taken keeping in view the overall observations.
- VIII. The Chairperson will direct the chairperson of each committee to implement the decisions referred to above, and provide the necessary Action Taken Report (ATR) to the Board.
- IX. The filled Committee Evaluation Forms shall only be accessible to the Chairperson of the committee, Board Chairperson and the Company Secretary.
- X. The Committee Evaluation Forms shall be kept in safe custody of the Company Secretary in the manner as may be directed by the Board Chairperson.

## **DISCLOSURE IN BOARD'S REPORT**

The manner in which formal evaluation has been made by the Board of its own performance and that of the Committees of the Board and individual Directors of the Company shall be disclosed by the Board in its report every year.

**Annexure I**

**Board Evaluation Form**

***(This form is to be filled separately by all the Board members & shall be returned to the Company Secretary)***

Your Name (optional): \_\_\_\_\_

Sl. No	Evaluation Criteria	Rating (on a scale of 1-5, as explained below)
1.	The composition of the Board is appropriate with the right mix of knowledge and skills sufficient to maximize Company performance in regard to future strategies	
2.	The Board operates in a congenial environment which facilitates open and meaningful communication, equal participation and opportunity and timely resolution of issues	
3.	The Board sets out the targets to be achieved every year with a clear vision and works toward its accomplishment	
4.	The Board stays abreast of issues and trends affecting the business of the company, anticipates problems and react to the situations in a timely manner.	
5.	The Board meetings are called at suitable intervals and proper notice and agenda is provided to all the Directors in a timely manner.	
6.	The Board meetings deliberates on issues at length, takes decisions in a timely manner while maintaining a balance between presentations and discussions	
7.	The Board receives accurate and useful information, based upon which decisions to be taken in a timely manner	
8.	The Board speaks in “one voice” when directing or delegating to management and bring discussions to a conclusion with clear direction to management	

9.	The number of meetings during the year is adequate for the Board to fulfill its responsibilities	
10.	The Board is effective in implementing best corporate governance practices for creating transparency across the company	
11.	The Board follows a systematic approach for following-up the decisions taken during the meetings	
12.	The Board provides ample time to all the members to provide their comments on the minutes of the meetings	

Any additional comments or suggestions about the committee as a whole:

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**Rating Scale**

(1)	(2)	(3)	(4)	(5)
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree or disagree</b>	<b>Agree</b>	<b>Strongly agree</b>

Instructions:

1. Please mark your rating against the relevant column for each criteria.
2. Try to answer all the criteria

## Annexure II

### Summary Report: Performance Evaluation of the Board as a whole

*(This will be presented to the Chairperson of the Board by the Company Secretary)*

Sl. No	Evaluation Criteria	Rating (on a scale of 1-5, as explained below)	
		Director A	Director B
1.	The composition of the Board is appropriate with the right mix of knowledge and skills sufficient to maximize Company performance, in regard to future strategies.		
2.	The Board operates in a congenial environment which facilitates open and meaningful communication, equal participation and opportunity; and timely resolution of issues		
3.	The Board sets out the targets to be achieved every year with a clear vision and works towards their accomplishment.		
4.	The Board stays abreast of the issues and trends affecting the business of the company, anticipates problems and reacts to the situations in a timely manner.		
5.	The Board meetings are called at suitable intervals. Adequate notice and proper agenda is provided to all the Directors in a timely manner		
6.	The Board deliberates on issues at length and takes decisions in a timely manner while maintaining a balance between presentations and discussions		
7.	The Board receives accurate and useful information, which facilitates decision making in a timely manner		



8.	The Board speaks in “one voice” when delegating any responsibility to the management and concludes with a clear direction to management		
9.	The number of meetings during the year is adequate for the Board to fulfill its responsibilities		
10.	The Board is effective in implementing best corporate governance practices for creating transparency across the Company and its operations The Board follows a systematic approach for following-up the decisions taken during the meetings		
11.	The Board provides ample time to all the members to provide their comments on the minutes of the meetings.		

**Additional comments or suggestions received:**

<b>Overall Average Rating</b>	
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**Observations (if any) of the Chairperson**

- 1.
- 2.

**Rating Scale**

<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree or disagree</b>	<b>Agree</b>	<b>Strongly agree</b>

Note:

It may be noted that mentioning of name by the Director who has filled this form is not mandatory.

**Annexure III**

**DIRECTOR EVALUATION FORM**

(This form is to be filed out separately by each Director for other Directors and all the forms should be returned to the Company Secretary)

Name of the Board Member to be assessed: \_\_\_\_\_

Your Name (optional): \_\_\_\_\_

Sl. No	Evaluation Criteria	Rating (on a scale of 1-5, as explained below)
1.	Attendance & constructive participation in the decision making process.	
2.	Knowledge of key areas and professional skills	
3.	Diligence and preparedness for meetings.	
4.	Effective interaction with other members of the Board	
5.	Concern for stakeholders.	
6.	Concern for working of the internal controls	
7.	Leadership initiatives in terms of new ideas , planning for the company and undertaking additional responsibilities	
8.	Abidance and behavior in accordance with the ethical standards.	
9.	Team work attributes	
10.	Safeguard of confidential information	
11.	Rendering independent and unbiased opinion	
12.	Reporting of frauds, concerns, violations if any	

Any additional comments or suggestions about the Director

**Rating Scale**

(1)	(2)	(3)	(4)	(5)
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<b>Unsatisfactory</b>	<b>Needs Improvement</b>	<b>Satisfactory</b>	<b>Above Satisfactory</b>	<b>Excellent</b>
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**Instructions:**

1. Please mark your rating against the relevant column for each criteria.
2. Try to answer all the criteria listed above.

**Annexure IV**

**Summary Report: Performance Evaluation of the Individual Directors**

*(This result will be presented to the Chairperson of Nomination and Remuneration Committee by the Company Secretary)*

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

Sl. No	Evaluation Criteria	Director 1	Director 2	Director 3	Director 4	Avg Score
1.	Attendance & constructive participation in the decision making process.					
2.	Knowledge of key areas and professional skills.					
3.	Diligence and preparedness for meetings					
4.	Effective interaction with others members of the Board.					
5.	Concern for stakeholders					
6.	Concern for working of the internal controls					
7.	Leadership initiatives in terms of new ideas , planning for the company and undertaking additional responsibilities					
8.	Abidance and behavior in accordance with the ethical standards					
9.	Teamwork attributes					
10.	Safeguard of confidential information					

11.	Rendering independent and unbiased opinion					
12.	Reporting of frauds, concerns, violations if any					

**Additional comments or suggestions received:**

<b>Overall Average Rating</b>	
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**Observations (if any) of the Chairperson**

- 1.
- 2.

**Rating Scale**

(1)	(2)	(3)	(4)	(5)
<b>Unsatisfactory</b>	<b>Needs Improvement</b>	<b>Satisfactory</b>	<b>Above Satisfactory</b>	<b>Excellent</b>

**Note:**

It may be noted that mentioning of name by the Director who has filled this form is not mandatory.

## Annexure V

### Committee Evaluation Form (CEF)

*(This form is to be filled separately for each Committee by its members & shall be returned to the Company Secretary)*

Your Name (optional): \_\_\_\_\_

Name of the Committee: \_\_\_\_\_

Sl. No	Evaluation Criteria	Rating (on a scale of 1-5, as explained below)
1.	The committee operates in a congenial environment which facilitates open and meaningful communication, equal participation and opportunity; and timely resolution of issues	
2.	The committee is comprised of optimum and relevant number of members.	
3.	The committee gets into details of each topic through necessary deliberation and takes decision in a timely manner while maintaining a balance between presentations and discussions	
4.	The committee is provided with relevant information as and when required, in a timely manner.	
5.	The number of meetings of the Committee held during the previous financial year was sufficient to accomplish its tasks.	
6.	The committee follows a systematic approach for following-up the decision taken during the meetings	
7.	The committee provides adequate time to all the members to provide their comments on the minutes of the meeting	
8.	The committee reports back to the Board, as it should, on all the relevant issues	

Any additional comments or suggestions about the committee on the whole

### Rating Scale

(1)	(2)	(3)	(4)	(5)
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree or disagree</b>	<b>Agree</b>	<b>Strongly agree</b>

**Instructions:**

1. Please mark your rating against the relevant column for each criteria.
2. Try to answer all the criteria listed above.

## Annexure VI

### Summary Report: Performance Evaluation of the Committee

*(This Report will be shared with the Chairperson of respective committee by the Company Secretary)*

Name of the Committee: \_\_\_\_\_

Sl. No	Evaluation Criteria	Member A	Member B	Avg, Score
1.	The committee operates in a congenial environment which facilitates open and meaningful communication, equal participation and opportunity; and timely resolution of issues.			
2.	The committee is comprised of optimum and relevant number of members.			
3.	The committee gets into details of each topic through necessary deliberation and takes decision in a timely manner while maintaining a balance between presentations and discussions.			
4.	The committee is provided with relevant information as and when required, in a timely manner			
5.	The number of meetings of the Committee held during the previous financial year was sufficient to accomplish its tasks.			
6.	The committee follows a systematic approach for following-up the decision			



	taken during the meetings.			
7.	The committee provides adequate time to all the members to provide their comments on the minutes of the meeting.			
8.	The committee reports back to the Board, as it should, on all the relevant issues.			

**Additional comments or suggestions received:**

<b>Overall Average Rating</b>	
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**Observations (if any) of the Chairperson**

- 1.
- 2.

**Rating Scale**

(1)	(2)	(3)	(4)	(5)
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree or disagree</b>	<b>Agree</b>	<b>Strongly agree</b>

**Note:**

It may be noted that mentioning of name by the Director who has filled this form is not mandatory.