

## **POLICY FOR PERFORMANCE EVALUATION OF THE BOARD / ITS COMMITTEES/ DIRECTORS**

The policy for performance evaluation of the board / its committees/ directors ("Policy") is applicable to following entities:

<b>Sr. No.</b>	<b>Name of the Company</b>
1.	L&T Finance Limited ("LTF")
2.	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited) ("LTICL")

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A. Provisions of the Companies Act, 2013 ("the Act")

i) Evaluation of the Board / its Committees/Directors:

- a) Every listed company and any other class of public companies meeting the prescribed threshold limits are required to make a statement in the Board's report indicating the manner in which formal annual evaluation of the performance of the Board, its Committees and of individual directors has been made (Section 134(3)(p) of the Act).
- b) The Nomination and Remuneration Committee ("NRC") of such companies is required to specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance (Section 178 (2) of the Act).

ii) Independent Directors:

- a) Independent Directors are required to bring an objective view in the evaluation of the performance of Board and Management (Schedule IV) – Clause II (2).
- b) The Independent Directors are required to hold at least one meeting in a financial year, without the attendance of non-independent directors & members of the Management and in this meeting, Independent Directors are required to review the performance of the non-independent directors and the Board as a whole. They also have to review the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors and assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties (Schedule IV Clause VII).
- c) The re-appointment of the Independent Directors is based on their performance evaluation report (Schedule IV – Clause V).
- d) The performance evaluation of Independent Directors is required to be done by the entire Board, excluding the director to be evaluated and the continuance or extension of the term of appointment of Independent Director would be determined by the performance evaluation report (Schedule IV – Clause VIII).

B. Provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

a) Evaluation of the Board/ its Committees/Directors:

- Responsibilities of the Board include monitoring and reviewing Board Evaluation framework (Regulation 4 of the Listing Regulations).
- 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 (Regulation 17 of the Listing Regulations).

- The NRC is required to formulate criteria for evaluation of performance of Independent Directors and the Board of Directors (Regulation 19 of the Listing Regulations).
- The performance evaluation criteria is required to be disclosed in the Annual Report (Regulation 34 of the Listing Regulations).

b) Performance evaluation of Independent Directors:

- The NRC is required to lay down the evaluation criteria for performance 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.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

## **2. PROCESS PROPOSED:**

Questionnaires, separately for each category being evaluated (to the extent applicable), as below, would be circulated/made available to the Directors:

- Board
- Audit Committee ("AC")
- NRC
- Independent/Non-Executive Directors
- Chairperson
- Whole-time Director
- Managing Director
- Any other Committee consisting of Board Members only (except Committee of Directors)

The filled in questionnaires (as applicable) would be handled as under:

**a) Board**

- Evaluation as done by the individual directors would be collated and compilation will be submitted to the NRC.
- NRC would discuss the same and give feedback on the results to the Board.

**b) AC, NRC and other committees**

- Evaluation as done by the individual members would be collated and compilation will be submitted to the NRC.
- NRC would discuss the same and give feedback on the results to the Board.

**c) Independent/Non-Executive Directors**

- Evaluation as done by other individual directors would be collated and compilation will be submitted in a sealed envelope / through electronic means to the Chairperson of NRC/ Board.
- The Chairperson of NRC/ Board would give individual feedback to each director being evaluated.

**d) Chairperson**

- Evaluation as done by the individual directors would be collated and compilation will be submitted in a sealed envelope / through electronic means to the Chairperson of the NRC.
- The Chairperson of the NRC would then table / discuss the compilation at NRC meeting/Board meeting.

**e) Managing Director/Whole-time Director**

- Evaluation as done by the individual directors would be collated and compilation will be submitted in a sealed envelope / through electronic means to the Chairperson of the NRC and Chairperson of Board.
- The Chairperson of the NRC would then table/discuss the compilation at NRC meeting/Board meeting.

**3. REVIEW/REVISION OF POLICY:**

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.

**Last amended/reviewed – April 2023**