

ANNUAL PERFORMANCE EVALUATION POLICY

1. Preamble

In order to meet the expectations of all the stakeholders at large, the Board of Directors of the Phoenix Mills Limited have devised a policy for evaluation of the performance of the individual members of the Company's Board as well as the Board Committees and the Board, which can contribute significantly to performance improvements at three levels: the organizational, board and individual director level. And in turn help in increased accountability, better decision making, enhanced communication and more efficient board operations. The policy shall be called 'The Phoenix Mills Annual Performance Evaluation Policy' (hereinafter referred to as 'The Policy'). The Policy shall come into effect from the date of its adoption by the Board of Directors of the Phoenix Mills Limited.

2. Purpose

The purpose of the Policy is to give all Board members an opportunity to evaluate and discuss their individual performance, Board's performance and performance of the Committees with candor and from multiple perspectives. This Policy is to ensure individual directors and the Board as a whole work efficiently and effectively in achieving their functions. This Policy will further assist the Board in its role of monitoring performance of the Company. The Board believes that 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 individual directors, Board Committees and Board as a governing body. The evaluations will occur in accordance with this Policy.

3. Scope

This Policy covers the annual performance evaluation of individual directors, Board's performance and that of its committees and members.

4. Policy

4.1 Performance Evaluation of Board of Directors

The process of evaluating the performance of the Board as a whole is the responsibility of the Board under the direction of the Chairman. The Nomination and Remuneration Committee of the Board shall lay down the evaluation criteria for performance evaluation of the Board. Each year the Board shall undertake the following activities:

- The Chairman shall meet with each non-executive director separately to discuss their individual performance and ideas for improvement.
- The Independent Directors in a separate meeting shall evaluate the performance of the Board and shall report the same to the Board;

- The Board as a whole shall discuss and analyze its own performance during the year in accordance with the criteria as laid down by the Nomination and Remuneration Committee.
- The Board shall review its duties and responsibilities including suggestions for change or improvement.

4.2 Performance Evaluation of Board Committees

This Policy is to ensure that the 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. An annual review of performance of the Board Committees shall be conducted in consultation with the Committee Chairman.

Each year the Board shall undertake the following activities:

- The Board shall review the necessity of establishing any committees and delegating certain of its responsibilities to the Committee.
- The Board shall review the Committee's achievements during the year based on the duties and responsibilities delegated to them.
- The Board shall review the charters of the committees once per year to ensure that they are in line with the statutory requirements.

4.3 Performance Evaluation of Directors

The Nomination and Remuneration Committee of the Board shall lay down the evaluation criteria for performance evaluation of Directors including Independent Directors. The Chairman shall conduct interviews with each Independent Director to evaluate individual performances. In addition, the Nomination and Remuneration Committee of the Board shall separately evaluate the performance of all directors individually. The Chairman and the Nomination and Remuneration Committee shall report to the Board on the outcome of their respective reviews.

Taking into account the feedback from the Chairman and the Nomination and Remuneration Committee, the entire Board shall evaluate the performance of all the Independent Directors. The Independent Director whose performance is being evaluated shall step out of the meeting for the time till his evaluation is complete. On the basis of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

4.4 Performance Evaluation of Chairman

An annual review of performance of the Chairman shall be conducted at a separate meeting of the Independent Directors. The Board shall nominate an Independent Director to lead the process. The Independent Director leading the process shall conduct an interview with the Chairman. The Independent Director shall also take into account the views of other Executive and Non-executive Directors through their Evaluation/Feedback Forms. The Independent Director leading the process shall report to the Board on the outcome of the review.

4.5 *Performance Evaluation of Executive Directors and Key Managerial Personnel*

The Independent Directors in a separate meeting shall evaluate the performance of all non-independent directors which shall be reported to the Board. Performance of the Executive Directors and the Key Managerial Personnel shall be evaluated by the Chairman of the Board against individual objectives that were set at the commencement of the year. Periodic reviews shall be held during the year to assess progress and a final review shall be performed at the completion of the year. The Chairman shall report to the Board on the outcome of the review. The outcomes of performance reviews shall also be reported to the Nomination & Remuneration Committee, which has overall responsibility for ensuring that performance management processes and remuneration criteria are in place for all directors.

5. Criteria for Evaluation of Directors

The Committee shall carry out performance evaluation of every Director, KMP and Senior Management Personnel at regular interval (yearly) in terms of Annual Evaluation Policy of the Company.

5.1 *Executive Directors*

The Executive Directors shall be evaluated on the basis of targets / criteria given to executive Directors by the Board from time to time

5.2 *Non Executive Director and Independent Directors*

The Non Executive Directors and Independent Directors shall be evaluated on the basis of the following criteria i.e.:

- (a) Act objectively and constructively while exercising their duties;
- (b) Exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) Do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) Do not allow any extraneous considerations that will vitiate his 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;
- (f) Refrain from any action that would lead to loss of his independence;

- (g) Inform the Board immediately when they lose their independence;
- (h) Assist the Company in implementing the best corporate governance practices;
- (i) Strive to attend all meetings of the Board of Directors and the Committees;
- (j) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (k) Strive to attend the general meetings of the Company;
- (l) Keep himself well informed about the Company and the external environment in which it operates;
- (m) Do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- (n) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (o) Abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.
- (p) Bring an objective view in the evaluation of the performance of board and management;

6. Frequency

An annual review of performance of individual directors, committees and Board as a whole shall be conducted at or around the beginning of the calendar year.

7. Disclosure of Performance Evaluation

The Criteria for performance evaluation of Independent Directors and the Board and confirmation that a performance evaluation of the Board has been conducted each year shall be disclosed in the Board's Report in the Annual Report.

8. Review and Publication of Policy

The Board shall periodically review this Policy to determine its appropriateness to the needs of the Company. The Board shall have the authority to amend the Policy, if required. The Policy shall be made available on the Company's website and the key features shall be published in the Annual Report.
