

# **NIVA BUPA HEALTH INSURANCE COMPANY LIMITED**

## **POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS**

<b>Version</b>	<b>Approved Date</b>
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## 1 **BACKGROUND**

In terms of Section 178(2) of the Companies Act, the Nomination and Remuneration committee is required to specify the manner for effective evaluation of performance of Board, its committees and individual Directors, and review its implementation and compliance.

Further, Regulation 17(10) of LODR requires the Independent Directors to be evaluated by the entire Board excluding the directors who are subject to evaluation. In accordance with the foregoing.

In accordance with the foregoing, this policy for evaluation of the performance of the Board is set out below.

## 2 **OBJECTIVE**

This Policy aims to formulate the procedures and prescribe the criteria to evaluate the performance of the entire Board. The Policy further aims at establishing a procedure for conducting periodical evaluation of Directors' performance and formulating the criteria for determining qualification, positive attribute and independence of each and every Director of the Company in order to facilitate the identification of the areas of concern and the areas to be focussed upon for enhancing the functioning of the Board.

## 3 **DEFINITIONS AND INTERPRETATIONS**

### 3.1 In this Policy, the following words and expressions shall have the meanings set forth below:

**"Board"** means the board of directors of the Company;

**"Company"** means Niva Bupa Health Insurance Company Limited (formerly known as Max Bupa Health Insurance Company Limited);

**"Committee"** means the various committees of the Board constituted by the Company, comprising of [*insert data as per actuals*].

**"Companies Act"** means the Companies Act, 2013 and rules made thereunder, as amended from time to time;

**"Directors"** shall mean the members of the Board including the Independent Directors;

**"Guidance Note"** means circular titled 'Guidance Note on Board Evaluation' dated 5 January 2017 issued by SEBI;

**"Independent Director"** means the independent director appointed by the Company pursuant to the provisions of Section 149 (6) of the Companies Act and applicable LODR;

**"LODR"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

**"Nomination and Remuneration Committee"** means the nomination and remuneration committee of the Board;

**"Policy"** means this policy for evaluation of the performance of the Board

of Directors; and

“**SEBI**” means the Securities and Exchange Board of India;

- 3.2 Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the LODR or any other applicable law.

## 4 **RESPONSIBILITY**

### 4.1 **Responsibility of the Board**

- 4.1.1 It shall be the duty of the Chairman of the Board, who shall be supported by Company Secretary to organise the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the Directors’ and Committees’ effectiveness, to maximise their strength and to tackle their shortcomings.

- 4.1.2 The Board of Directors shall undertake the following activities on an annual basis:

- (a) The Board as a whole shall discuss and analyse its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- (b) Review performance evaluation reports of various Committees along with their suggestions on improving the effectiveness of the Committees. Also, the requirement of establishing any new Committees shall be reviewed by the Board on an annual basis.
- (c) Review the various strategies of the Company and accordingly set the performance objectives for Directors.
- (d) Ensure that adequate disclosure is made with regard to performance evaluation in the Board’s report.

- 4.1.3 While evaluating the performance of the Directors, the following parameters shall be considered:

- (a) Attendance at meetings of the Board and Committees thereof,
- (b) Participation in Board Meetings or Committee thereof,
- (c) Contribution to strategic decision making and risk assessment and risk mitigation,
- (d) Support on review of financial statements, business performance.
- (e) Contribution to the enhancement of brand image of the Company.

- 4.1.4 While evaluating the performance of the Chairman and Managing Director, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry

standards, the performance of the individual and also of the Company.

#### **4.2 Responsibility of the Nomination and Remuneration Committee**

4.2.1 In accordance with Part D, Schedule II of LODR, and the relevant provisions of the Companies Act, the Nomination and Remuneration committee shall have the following role:

- (a) Formulate criteria for evaluation of performance of Independent Directors and the Board.
- (b) Carry out evaluation of every Director's performance.
- (c) Determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

#### **4.3 Responsibility of the Independent Directors**

4.3.1 The Independent Directors shall evaluate the performance of non-Independent Directors and the Board as a whole, taking into account the views of executive directors and non-executive directors. Further, they shall bring an objective view in the evaluation of the performance of the Board and the management.

4.3.2 The Independent Directors of the Company shall hold at least one meeting (without the attendance of non-independent directors and management) in a year to:

- (a) review the performance of non-Independent Directors and the Board as a whole;
- (b) review the performance of the chairperson of the company, taking into account the views of executive directors and non-executive directors; and
- (c) 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.

### **5 EVALUATION OF PERFORMANCE**

#### **5.1 Subject of evaluation**

As required under LODR and Companies Act, the evaluation of the Board involves multiple levels:

- 5.1.1 Board as a whole;
- 5.1.2 Committees of the Board; and
- 5.1.3 Individual Directors (including chairperson, CEO, Independent Directors, Non-independent directors, etc.)

#### **5.2 Criteria for evaluation**

5.2.1 The Nomination and Remuneration Committee has laid down the

following criteria for evaluation of performance of the Board as a whole:

- (a) Attendance and contribution at Board and Committee meetings.
- (b) 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.
- (c) 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.
- (d) His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- (e) Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
- (f) Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
- (g) 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 Company to achieve organizational successes and harmonizing the Board.
- (h) His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- (i) Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
- (j) His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- (k) His/her contribution to enhance overall brand image of the Company.

5.2.2 In addition to the criteria mentioned above and pursuant to the Guidance Note, the Company shall also adopt the following Board performance evaluation parameters set out in **Annexure A** of this

Policy.

### 5.3 **Action plan**

Based on the analysis of the performance evaluation, the Board may prepare an action plan on: Areas of improvement including training, skill building, etc. as may be required for Board members.

### 5.4 **Frequency of Board evaluation**

In accordance with the provisions of LODR and Companies Act, the Board Evaluation will be done once a year.

## 6 **REVIEW AND APPROVAL OF POLICY**

This Policy will be reviewed by Nomination and Remuneration Committee and approved by the Board of Directors, at least [annually] or as and when required.

## 7 **DISCLOSURE**

7.1 In accordance with the requirement under the Companies Act and the LODR, disclosure regarding the manner in which the performance evaluation has been done by the Board of its own performance, performance of various committees of Directors and individual Directors' performance will be made by the Board of Directors in the Board's report. Further, the Board's Report containing such statement will be made available for the review of shareholders at the general meeting of the Company.

7.2 This Policy shall be disclosed on the website of the Company.

## 8 **INTERPRETATION**

8.1 In all circumstances where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation, or standard governing the Company, the said law, rule, regulation, or standard will take precedence over this Policy. s

8.2 Any and all terms which have been defined under the Companies Act and/or the LODR (including subordinate legislations thereunder) shall be construed as per such definitions in these laws.

## ANNEXURE A

### PERFORMANCE EVALUATION PARAMETERS

#### 1 FOR THE INDIVIDUAL DIRECTORS (INCLUDING CHAIRPERSON, CEO, INDEPENDENT DIRECTORS, NON-INDEPENDENT DIRECTORS, ETC.)

##### 1.1 General

1.1.1 Qualifications: Details of professional qualifications of the member;

1.1.2 Experience: Details of prior experience of the member, especially the experience relevant to the entity;

1.1.3 Knowledge and Competency:

(a) How the person fares across different competencies as identified for effective functioning of the entity and the Board (The entity may list various competencies and mark all directors against every such competency.

(b) Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates.

1.1.4 Fulfilment of functions: Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law (E.g. Law imposes certain obligations on independent directors;

1.1.5 Ability to function as a team: Whether the person is able to function as an effective team- member;

1.1.6 Initiative: Whether the person actively takes initiative with respect to various areas;

1.1.7 Availability and attendance: Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay;

1.1.8 Commitment: Whether the person is adequately committed to the Board and the entity;

1.1.9 Contribution: Whether the person contributed effectively to the entity and in the Board meetings; and

1.1.10 Integrity: Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)

##### 1.2 Additional criteria for Independent director

1.2.1 Independence: Whether person is independent from the entity and the other directors and there if no conflict of interest

1.2.2 Independent views and judgement: Whether the person exercises

his/ her own judgement and voices opinion freely.

**1.3 Additional criteria for chairperson of the Company:**

- 1.3.1 Effectiveness of leadership and ability to steer the meetings: Whether the chairperson of the Company displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively
- 1.3.2 Impartiality: Whether the chairperson of the Company is impartial in conducting discussions, seeking views and dealing with dissent, etc.
- 1.3.3 Commitment: Whether the chairperson of the Company is sufficiently committed to the Board and its meetings.
- 1.3.4 Ability to keep shareholders' interests in mind: Whether the chairperson of the Company is able to keep shareholders' interest in mind during discussions and decisions.

**2 FOR COMMITTEES OF THE BOARD**

- 2.1 Mandate and composition: Whether the mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.
- 2.2 Effectiveness of the Committee: Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.
- 2.3 Structure of the Committee and meetings:
  - 2.3.1 Whether the Committees have been structure properly and regular meetings are being held.
  - 2.3.2 In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board
- 2.4 Independence of the Committee from the Board: Whether adequate independence of the Committee is ensured from the Board
- 2.5 Contribution to decisions of the Board: Whether the Committee's recommendations contribute effectively to decisions of the Board.