

**JM FINANCIAL LIMITED**

**POLICY ON PERFORMANCE EVALUATION AND  
REMUNERATION OF THE DIRECTORS**

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## 1. *Scope and Policy Objective:*

### Performance Evaluation

- To formulate the process for assessing the effective evaluation of performance of the Board of Directors of the JM Financial Limited (the “**Company**”), the Board committees, individual directors and the Chairman of the Company (collectively called the “**Performance Evaluation**”). The Performance Evaluation process aims to increase the participation and contribution in the Board level deliberations by the directors of the Company.
- To monitor and evaluate the attainment of the Board/committees/individual directors’ objectives.
- To provide the Directors an opportunity to reflect and assess their areas of strength and development.
- Applicable to Non-Executive Director(s), Executive Director(s), Committees, members of the Committee duly constituted by the Board of Directors of the Company (the “**Board**”)

### Remuneration

- To ensure that the level and composition of remuneration is in line with peers of the Company in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.
- To ensure that a reasonable balance is maintained between fixed and incentive pay reflecting long term and short term performance objective appropriate to achieve the goals of the Company.
- Applicable to Non-Executive Director(s), Executive Director(s), Senior Management, Key Managerial Personnel and of the Company.

## 2. *Evaluation Process for Independent Directors:*

The Performance Evaluation is carried out on an annual basis for the Board as a whole, its committees, individual directors and the Chairman. The process involves the following steps:

- define criteria for evaluation of performance;
- formulate the process for performance evaluation at each level;
- design the annual performance evaluation questionnaire;
- coordinate and collate the feedback received from each Director;

- analysis of the feedback received from each Director and prepare summary thereof;
- share the evaluation summary with the Chairman of the Nomination and Remuneration Committee (the “NRC”);
- share the feedback with the Chairman of the Board.

The above process will be implemented and controlled from the Chairman’s office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the directors in confidence.

The Company may use the secured software/tool provided by an external vendor having appropriate infrastructure in this regard.

3. ***Key Evaluation Criteria:***

- Providing effective leadership and strategic guidance to the management;
- Understanding the Business, including the Risks and regulatory landscape;
- Attendance at, and active engagement in the discussion of business performance, competitive landscape and strategies;
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices;
- Nudging for long term focus areas such as succession planning, business continuity planning, etc.;
- Management of conflicts in Board’s discussion; and
- Management of Conflict of Interest.

4. ***Evaluation Mechanism:***

a. ***Performance Evaluation by Independent Directors:***

- i. The performance evaluation of the Non-Independent Directors, the Managing Director, the Chairman of the Board and the Board as a whole, shall be carried out by the Independent Directors. The Independent Directors shall evaluate the performance on the basis of the feedback received from the Directors in the questionnaires circulated amongst them on an annual basis.
- ii. While evaluating the performance of the Chairman of the Company, the views of the executive director(s) and non-executive director(s) shall also be taken into account by the Independent Directors.

b. ***Performance Evaluation of Independent Directors*** shall be done by the entire Board of Directors which shall include:

- i. Performance of the Directors; and
- ii. Fulfillment of the independence criteria as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and their independence from the management.

In the above evaluation, the directors who are subject to evaluation shall not participate.

c. ***Performance Evaluation of the Board Committees:***

The performance evaluation of the Board Committees shall be conducted on an annual basis. The separate set of questionnaires for each of the Committees, shall be sent to the members for their feedback.

The summary of the feedback received from all the Committee members shall be prepared and the same shall be given to the Chairman of the NRC.

5. ***Criteria for determination of Remuneration of Directors:***

**Non-Executive Director(s)**

The Non-executive Director(s) and the Independent Director(s) will receive remuneration by way of sitting fees for attending meetings of the Board and/or Committees thereof, as decided by the Board from time to time subject to the limits specified under the Companies Act, 2013 (the “Act”) including any amendments thereto. In addition to the sitting fees, the Non-executive Director(s) and the Independent Director(s) may also be paid commission as may be determined by the Board subject to the limits specified under the Act.

The remuneration of Non-executive Director(s) and Independent Director(s) will be governed by the role assumed, number of meetings of the Board and the committees thereof attended by the directors, the position held by them as the Chairman/Chairperson and member of the committees of the Board and their overall contribution to the business. Besides these, the determination of remuneration of independent directors will also depend on the external competitive environment, track record, individual performance of the directors and performance of the Company as well as the industry standards.

**Executive Director(s)**

The remuneration structure for Executive Director(s) is consistent with the policies governing the employees and senior management of the Company. It consists of two parts – Fixed and Variable:

- **Fixed remuneration**

The objective of fixed compensation is to ensure internal and external parity. The fixed component is reviewed annually and a market aligned fixed compensation structure is proposed.

- **Variable remuneration**

Apart from the fixed component, Executive Director(s) is/are eligible for a performance linked variable compensation component i.e. 'Discretionary Bonus'. The payout of this component depends on Executive Directors' individual performance and performance of the Company.

The compensation strategy of the Company is meritocracy based and the remuneration policy is designed to encourage high performance culture while aligning itself to the highly competitive business environment.

The compensation structure of the Executive Director(s) is also reviewed by the NRC and approved by the Board within the overall remuneration as approved by the Members of the Company.

The Fixed and Variable compensation of Executive Director(s) is determined on the basis of:

- Market benchmarking
- Individual performance
- Performance of the Company

6. ***Parameters for consideration of remuneration:***

The remuneration payable including the performance linked variable compensation component i.e. 'Discretionary Bonus' to the Key Managerial Personnel and Senior Management shall be recommended by the NRC and is subject to the approval of the Board and the Members of the Company, if any and to the extent required.

The NRC/the Board, while fixing the remuneration for directors, shall also have regards to the parameters laid down in the Act.

7. ***Disclosures:***

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address shall be disclosed in the Directors' Report.

**8. *Amendment/Review:***

The Company may amend or review this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended/reviewed as are required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines as issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not consistent with the requirements specified under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail and accordingly this Policy shall stand amended effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

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*This Policy was last reviewed by the Board of Directors at its meeting held on May 24, 2024*