

## BOARD EVALUATION POLICY

### I. INTRODUCTION:

Thrust of the Corporate Governance of the Bank is to enhance shareholders' value by pursuing ethical practices in the conduct of its business and maintaining high standard of disclosure and transparency. The Bank has adopted best practices, and standards of governance are monitored by various Committees of the Board. The Board, the Executives and other functionaries have distinctly demarcated roles in achieving the corporate goals – improved performance and enhanced shareholders' value. The Bank is constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the composition of its Board of Directors is governed by the said Act read with the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 / SEBI (LODR) Regulations, 2015. All Directors of the Bank are appointed/ nominated by Central Government except one Director representing interests of the shareholders of the Bank, who is elected by shareholders other than the Central Government.

The general superintendence, direction and management of the affairs and business of the Bank is vested with the Board of Directors. Board of the Bank has been bestowed with numerous responsibilities to ensure that overall performance of the Bank are being directed towards achievement of the corporate goals and in line with the corporate vision of the Bank which intends to be central to the banking and financial needs of all.

Board Evaluation Policy is aimed at establishing a constructive procedure for conducting evaluation of the performance of non-official Directors and collectively, of the Board and its various committees.

### II. OBJECTIVE:

As per Guidance note of Securities and Exchange Board of India on Board Evaluation, there should be a structured framework to assess the performance and effectiveness of the Board Committees in relation to the roles delegated to them. Further, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the performance evaluation of independent Directors shall be done by the entire Board of Directors and also fastens responsibility on the Board of Directors of the listed entity to monitor and review Board of Director's evaluation framework. In line with the transparent corporate governance practices being followed in the Bank, the evaluation process will be done for non-official Directors, Board of Directors and the committees as a whole. Objectives of the Board Evaluation Programme is being construed as a strategic tool for betterment rather than as criticism, which will fetch considered direction in identifying areas required to enhance performance of the Board & Committees collectively and also of the Directors

individually. Bank expects the Board, its Committees and the Directors to update and acquire new skills corresponding to the changing business environment and expectations, which will significantly enhance Board effectiveness, maximize stakeholders' wealth and improve corporate relations.

With a view to improve corporate governance in public sector banks, Government of India, Ministry of Finance, Department of Financial Services vide their communication F.No.6/20/2019-BO.I dated 30th August, 2019 communicated 'PSB Governance Reforms – Enhancing governance through improved effectiveness of non-official Directors'. The Communication inter alia states that the evolution in corporate governance in recent years is reflected in the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations]. Regulation 17(10) of SEBI (LODR) Regulations, 2015 provides for performance evaluation of independent Directors by the entire Board of Directors. The non-official Directors of Bank nominated under clauses (g) and (h) of sub-section (3) of section 9 of The Banking Companies Act, including non-executive chairman appointed under clause 5(1) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 are similar in nature.

### **III. EVALUATION PROCESS:**

Evaluation process has been structured in the following categories:

#### **1. Evaluation of the Non-official Directors**

Board of Directors, other than the non-official director who is subject to evaluation, shall evaluate the performance of each non-official director upon completion of every period of one year from the date of her/his nomination. The Bank shall also convey the same to the Department of Financial Services, Ministry of Finance, Government of India in the specified formats as mentioned in Annexure 1 of this policy, not later than three months from completion of each such period.

#### **2. Evaluation of the Board and its sub-committees**

The evaluation of all Directors, Board as whole and its sub-committees shall be carried out as per framework /format derived by Board/NRC. The Board/NRC may engage the third party agency for evaluation of Board as whole, its-subcommittees and Directors of the Bank including Chairman as deem fit.

In addition to above, meeting of independent Directors of Bank shall be conducted once in a financial year as per provision of Regulation 25(3) of SEBI (LODR), Regulations, 2015.

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#### **IV. FREQUENCY OF EVALUATION:**

- a. Performance of each non-official director will be evaluated upon completion of every period of one year from the date of her/his nomination.
- b. Performance of the Board of Directors as a whole and Board Committees will be evaluated on annual basis.

#### **V. POLICY REVIEW:**

The Board of Directors will review this policy as and when required, to ascertain its appropriateness to suit the changing requirements of the Bank but at least once in a year.

#### **VI. DISCLOSURE:**

The Policy has been made available on Bank's website- [www.centralbankofindia.co.in](http://www.centralbankofindia.co.in) under the link "Investor Relations".

**Annexure -1**

Performance Evaluation of Non-official Director by Board of Directors

**Part I: Factual information in respect of non-official Director**

1.	Bank	:	Central Bank of India
2.	Name of the Director	:	
3.	Period for the evaluation	:	
4.	Date of Birth	:	
5.	Category	:	[specify the provision under which nominated: Non-executive Chairman, or non-official Director nominated under clause (g) or (h) of section 9(3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970]
6.	Term	:	from _____ to _____
7.	(a) Number of Board meetings held	:	
	(b) Number of Board meetings attended	:	

8. Membership on committees of the Board:

S.N.	Committee	Period during which director was member on the committee		Number of meetings	
		From	To	Held	Attended
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
Total					

**Part II : Board's evaluation of performance of non-official director**

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

Period for the evaluation: \_\_\_\_\_

**Professional and ethical conduct observed:** (tick appropriate box)

S.N.	Attribute	Maintaining the highest standards at all times	Generally adhering to standards expected	Non-adherence to standards expected observed
(1)	Acting in accordance with provisions of law, rules and regulations			
(2)	Acting in the best interest of the bank			
(3)	Exercise of due and reasonable care, skill, diligence and independent judgement			
(4)	Avoidance of direct or indirect conflicts of interest			
(5)	Avoidance of undue gain or advantage either to self or relative, partners or associates			
(6)	Maintaining confidentiality of information, including commercial secrets and unpublished market sensitive information			
Comments:				

**Contribution:**

(tick appropriate box)

Sr. No.	Aspect	At all times	Generally	Room for improvement
(1)	Striving to attend all Board and committee meetings			
(2)	Seeking appropriate clarification or amplification of information where necessary			
(3)	Display of requisite knowledge and expected level of awareness of the bank and external environment in meetings and comments			
(4)	Contribution in terms of constructive ideas, guidance and knowledge for better decision-making and management of bank's affairs			
(5)	Timeline of feedback on decision being taken by the bank			

Comments:

	Outstanding	Exceeds Expectation	Meets Expectation	Falls Below Expectation	Needs Improvement
<b>Overall rating of non-official director</b>					

**Comment, if any**

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