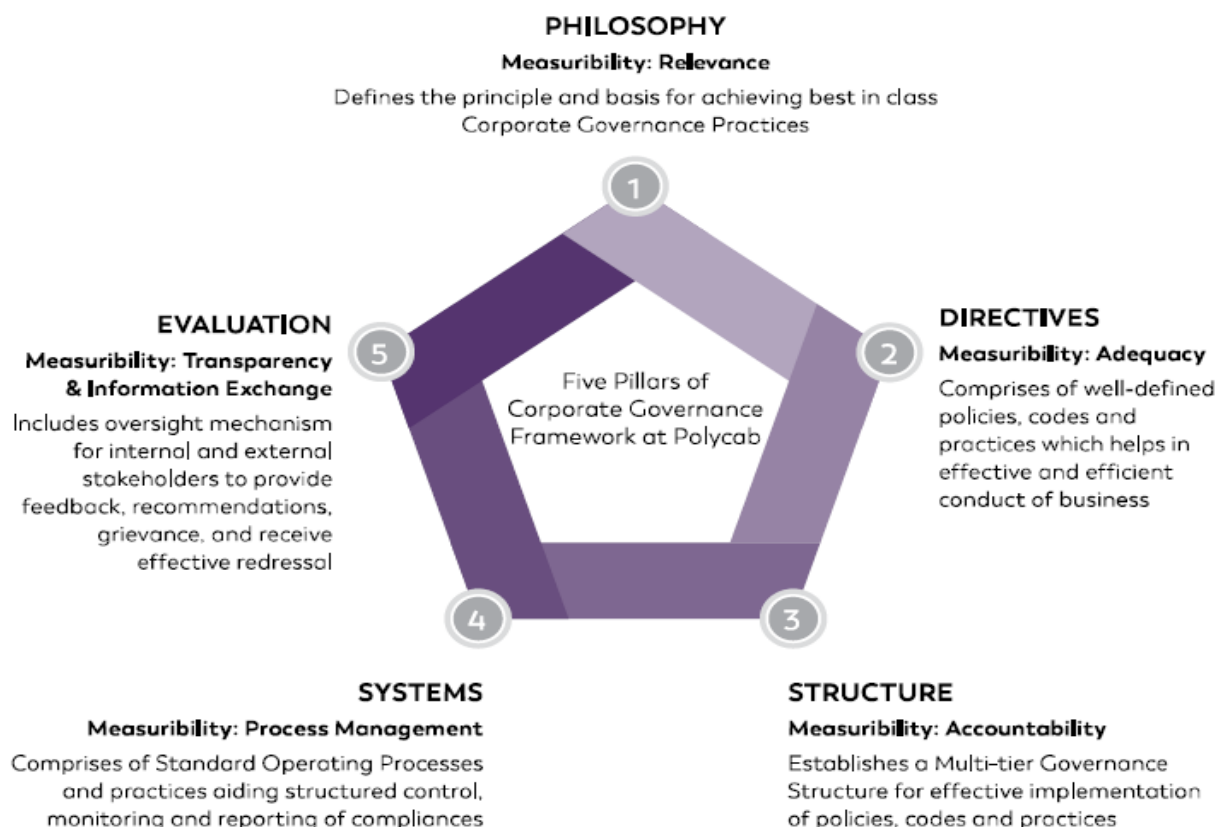## EVALUATION OF GOVERNANCE FRAMEWORK

The Management advanced further in governance by evaluating the pillars using defined 'measurability' criteria further ensuring that the pillars undergo constant structural review, repair and rejuvenation from time to time.

PHILOSOPHY
Measurability: Relevance
Defines the principle and basis for achieving best in class Corporate Governance Practices

1

EVALUATION
Measurability: Transparency & Information Exchange
Includes oversight mechanism for internal and external stakeholders to provide feedback, recommendations, grievance, and receive effective redressal

5

Five Pillars of Corporate Governance Framework at Polycab

DIRECTIVES
Measurability: Adequacy
Comprises of well-defined policies, codes and practices which helps in effective and efficient conduct of business

2

4

3

SYSTEMS
Measurability: Process Management
Comprises of Standard Operating Processes and practices aiding structured control, monitoring and reporting of compliances

STRUCTURE
Measurability: Accountability
Establishes a Multi-tier Governance Structure for effective implementation of policies, codes and practices

PHILOSOPHY ON CODE OF GOVERNANCE

Company's philosophy is creation of longterm stakeholder value through adoption of best-in class Corporate Governance Framework and adherence thereto in true letter and spirit always.

The Company continually strives to enhance governance tools for supporting the framework which ensures accountability, transparency and fairness in all transactions in the widest sense.

Measurability – Relevance: The Philosophy continued to be relevant and commensurate to the business principles and strategy of the Company.

Action: The Company promulgated its philosophy on achieving best-in-class Corporate Governance to all its internal and external stakeholders. The Company utilised various mediums and platforms for demonstrating and inculcating good

governance culture across its business and advocating the same to all its internal and external stakeholders.

The Company endeavours at achieving best-in-class governance by encouraging all its stakeholders to adhere to the principles of good governance and further propagate the same to their individual stakeholders with a mandate to ensure compliance and an urge to thrive to achieve good governance.

EVALUATION OF DIRECTIVES

Our Corporate Governance Directives comprises of well-defined principles, codes, policies, standard operating processes, systems and good practices that enables the Company to perform its business efficiently whilst abiding by law and adopting environmental, social and governance related aspects.

The essence of the directives lies in achieving highest standards of integrity, transparency, accountability, sustainability and safety. The Governance Matrix is reviewed and revamped at regular intervals keeping in mind the amendments in laws and adoption of Best Corporate Governance practices. The Directives is advocated and adherence is solicited at all levels.

Measurability – Adequacy: The Company revived and revitalised its codes and policies to achieve greater transparency and ensure adequacy of compliance modules.

Action: The Company reviewed and revamped its Directives i.e. Codes and Policies keeping in mind stakeholder interest, amendments in laws, business strategy, risk mitigation, good industry practices and adoption of best-inclass governance practices. The Company established support policies and procedures to ensure uniformity of action, inaction and reaction by the Company whilst addressing challenges faced by stakeholders. Compliance is at the heart of governance and adequacy of policies and procedures would determine the sustainability of the Company. The Company has further obtained confirmations from reputed firms on the adequacy of policies and codes adopted under governance by the Company.

EVALUTION OF STRUCTURE

The Company continues to be governed through a multi-tier Governance Structure with the Shareholders at the apex of the pyramid followed by the Board and its Committees, Management Team led by Chairman & Managing Director and other Stakeholders who ensure governance through a well-defined Governance Directives embedded in the role and responsibilities of each tier of the structure.

The Structure, comprising of internal and external stakeholders including Board, key managerial personnel, senior managerial personnel, business unit heads, function heads, employees, customers, vendors, amongst other stakeholders are aligned with the expectations of the Company for achieving best-in-class corporate governance. Each tier is empowered to exercise independent judgement and promote good

governance in accordance with the Framework. The Company assigned additional responsibilities to each tier of the structure in accordance with economic, business, environmental, social and governance goals of the Company to ensure as well as promulgate governance in letter and spirit.

Measurability – Accountability: Rewards and recognitions are devised for achievement key performance indicators (KPIs) defined under the Framework.

Action - Implement a governance structure that empowers internal and external stakeholders to make independent decisions within a predefined framework while assigning additional responsibilities aligned with economic, business, environmental, social and governance goals to ensure best-in-class corporate governance.

EVALUATION OF SYSTEMS

The Company, as a part of its ongoing process, continued to formulate, utilise and advocate standard operating processes, mechanisms and detailed training modules using information technology, digital tools and e-learning modules wherever feasible to aid systematic and effective implementation, monitoring and evaluation of the Directives i.e. Codes and Policies.

The SOPs are designed individually for each code and policy to integrate the elements of the framework and its 5 pillars independently for each Directive laid down by the Company. Each Policy is supported by an SOP which enumerates the roles and responsibilities of identified stakeholders together with the requisite processes to be undertaken by them to ensure strict adherence to the Directive.

The Systems are enhanced further using software, applications, artificial intelligence and online platforms that enhance productivity in various fields of communication, collaboration, learning and design. The Company, with the support of subject matter experts focused on creating awareness on statutory compliances and associated risk. The Company has moved swiftly on its digital transformation journey creating an online interactive and corroborative space for transactions and interaction between a business and stakeholders. It encompasses effective and efficient process of governance.

Measurability - Process Management: The Company improvised and formalised its Standard Operating Processes, procedures and training modules making them self-explanatory and accessible through digitisation. Confirmations and declarations were sought from relevant stakeholders.

Action - Develop, implement and promote tailored standard operating processes, digital tools and e-learning modules to systematically enforce Codes and Policies, leveraging software, artificial intelligence and online platforms to enhance productivity,

communication, collaboration, compliance, risk awareness and digital transformation for efficient governance.

The evaluation process is further streamlined to include systematic and documented oversight mechanism, grievance redressal, two-way communication, feedback from all stakeholders aimed at achieving excellence in Corporate Governance. Expert opinions, remedial measures and case study analysis and precedents learnings are documented for retrieval, training and future reference. The Company promulgates 'Zero tolerance' policy from Company's perspective together with 'Zero fear of Retaliation' policy from the stakeholders' perspective at all levels encouraging internal and external stakeholders to communicate freely with the Company without the fear of retaliation from the Company. Stakeholder access to relevant, timely and reliable information is advocated.

Measurability – Transparency & Information exchange: The Company promulgated and encouraged two-way communication between the Company and its stakeholders resulting in increased number of grievances establishing and demonstrating the concept 'zero tolerance' and of 'zero fear' of retaliation amongst its stakeholders.

Action - The Company optimized its evaluation process through systematic oversight, grievance redressal, open communication and stakeholder feedback, while upholding a "Zero Tolerance" policy and a "Zero Fear of Retaliation" environment to foster transparent governance and unrestricted access to reliable information.