

CANTABIL RETAIL INDIA LIMITED

POLICY FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

➤ **Regulatory Framework**

- The Companies Act, 2013 requires performance evaluation of individual directors – including independent directors, self-evaluation of performance of the board of directors (“Board”) and the committees of the Board (“Committees”).
- The Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015:

Regulation 4(2)(f)(ii)(9) states Monitoring and reviewing board of director’s evaluation framework as one of the Key function of the board of directors.

Regulation 17(10) states:

The performance evaluation of independent directors shall be done by the entire board of directors:

Provided that in the above evaluation the directors who are subject to evaluation shall not participate.

Sub-part A of Part D of Schedule II requires :

The Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors.

Sub-part (4) of Part C of Schedule V requires :

The company shall disclose the criteria for performance evaluation, as laid down by the Nomination Committee, in its Annual Report.”

➤ **Perface**

Independent directors are now confronted with complex oversight accountability, corporate performance and they might also have to endure greater personal risks_and liability. Investors, regulators, stakeholders and the society at large are increasingly demanding that boards demonstrate leadership, control and deliver on their

responsibilities and their company's results – the expectation from the board is to go beyond compliance.

In this context, it is often seen that despite illustrious names on boards, they fail to deliver on the expectations due to a variety of reasons including:

- Lack of clarity on the roles of directors and the board as a whole; role
- ambiguity slows decision-making and causes unnecessary director conflicts

- Poor process management hinders effective board preparation, meeting management and communications

- Lack of alignment and agreement on company strategy which hampers a board's ability to prioritize issues and set their near term agenda

- Weak team dynamics fracture boards and lead to power struggles
- Such failures underscore the fact that boards must be concerned with, in addition to organizational and management performance, their own performance.

Companies today are facing scarcity of talented directors who demonstrate the right skills, courage and expertise.

With a view to improving performance and effectiveness, progressive boards are now increasingly deploying board performance evaluation tools to identify areas of improvement benchmarking themselves against leading practices. Realizing the trends and challenges, the regulators around the world have mandated board evaluations.

➤ **Evaluation**

As a member of the Board, the performance of Independent Directors as well as the performance of the Board as a whole and its Committees shall be evaluated annually. Evaluation of the performance of each Director shall be done by all other Directors. The appointment and re appointment of Independent Directors on the Board shall be subject to the outcome of the yearly evaluation process.

An annual performance evaluation of an Independent Director shall be carried out by all other Directors at the end of the financial year in the form of questionnaire mentioned herein below:

S.No.	Particulars
1.	Is the attendance of non-executive Independent directors at meetings satisfactory?
2.	Do the non-executive Independent directors show willingness to spend time and effort learning about the company and its business?
3.	What has been their contribution to the development of (i) Strategy and (ii) risk management
4.	How effectively have they followed up matters about which they have expressed concern?
5.	How good are their relationship with other board members, the company secretary and senior management?
6.	Are they up-to-date with the latest developments in areas such as the Corporate Governance framework and financial reporting and in the industry and market conditions?
7.	How well do they communicate with other board members, senior management and others? (e.g. shareholders)
8.	Can they present their views convincingly, yet diplomatically?
9.	Do they participate in discussion related to Internal Audit report Cost Audit report and Secretarial Audit Report?